

**[DRAFT] PROJECT PROPOSAL FOR THE DEVELOPMENT OF AN OVERARCHING  
STANDARD FOR ASSURANCE ON SUSTAINABILITY REPORTING**

**Sections in this document highlighted in grey represent standardized text for IAASB Project Proposals (with certain minor adaptations for the context of this project and other minor edits).**

This project plan was developed and approved by the International Auditing and Assurance Standards Board (IAASB).

The IAASB develops auditing and assurance standards and guidance under a shared standard-setting process involving the Public Interest Oversight Board (PIOB), which oversees the activities of the IAASB, and the IAASB Consultative Advisory Group (CAG), which provides public interest input into the development of the standards and guidance.

The objective of the IAASB is to serve the public interest by setting high-quality auditing, assurance, and other related standards and by facilitating the convergence of international and national auditing and assurance standards, thereby enhancing the quality and consistency of practice throughout the world and strengthening public confidence in the global auditing and assurance profession.

**A. Subject**

1. This project proposal addresses the development of an overarching standard for assurance on sustainability reporting, for use by all assurance practitioners (i.e., professional accountants and other professionals performing assurance engagements). As further explained in paragraph 16, the IAASB envisages that further standards for assurance on sustainability reporting will need to be developed over time. This project proposal deals with the immediate standard-setting action, focused on an overarching standard for assurance on sustainability reporting.

**B. Introduction**

2. Sustainability reporting has quickly become a matter of global importance. The reliability of such reporting is a key issue for many stakeholders, in particular investors and other users of an entity's general purpose external reporting, regulators, and non-governmental organizations (NGOs). Stakeholders are increasingly demanding assurance on sustainability reporting, and mandatory assurance requirements have been promulgated or proposed across many jurisdictions.
3. In 2022, the IAASB has undertaken engagement with key stakeholders who are a driving force behind reliable sustainability reporting, and assurance thereon. This includes, for example, the Financial Stability Board, the International Organization of Securities Commissions (IOSCO), the European Commission, the United States Securities Exchange Commission (SEC), the International Forum of Independent Audit Regulators (IFIAR), the Committee of European Auditing Oversight Bodies (CEAOB), the International Sustainability Standards Board (ISSB), the Global Reporting Initiative

(GRI), the Global Public Policy Committee (GPPC),<sup>1</sup> the Forum of Firms and Jurisdictional / National Standard Setters (NSS).

4. Engagement with these key stakeholders led to clear feedback. There is an urgent need for international standards for assurance on sustainability reporting to reduce the risk of fragmentation in assurance standards globally and drive consistent, high-quality assurance engagements that enhance the degree of confidence of intended users about sustainability reporting. Stakeholders acknowledge that ISAE 3000 (Revised),<sup>2</sup> ISAE 3410<sup>3</sup> and the *Non-Authoritative guidance on Sustainability and Other Extended External Reporting Assurance Engagements* (EER Guidance) are widely accepted and currently used to perform these engagements. However there is a need for **standards** that are focused on and provide more **specificity** for assurance on sustainability reporting.
5. Accordingly, in the June 2022 IAASB meeting, the IAASB supported, as an immediate action, developing an overarching standard for assurance on sustainability reporting. Typically, prior to initiating standard-setting action, the IAASB would undertake extensive information gathering and research to identify the issues to be addressed in the project and explore solutions with stakeholders (e.g., through discussion papers, invitations to comment or other means). However, in this instance, the IAASB has already undertaken extensive work to understand the challenges regarding assurance on sustainability reporting, through the development of the EER Guidance, which has been further supplemented by the targeted information gathering described in paragraph 3. Accordingly, the IAASB believes that the information gathering and research already undertaken has been comprehensive and rigorous, and supports an understanding of the challenges that will enable the IAASB to undertake this project.
6. The culmination of the IAASB's information-gathering efforts in developing the EER Guidance resulted in guidance that addresses the following twelve (12) areas:
  - 1) Applying appropriate competence and capabilities;
  - 2) Exercising professional skepticism and professional judgment;
  - 3) Determining preconditions and agreeing the scope of the EER assurance engagement;

In developing the project proposal for the EER Guidance, which was approved in October 2017, the IAASB undertook extensive information gathering and research, and public consultation, through discussion papers and outreach, to identify key challenges in performing assurance engagements on EER. Similarly, throughout the development of the drafts for public consultation for the two phases of the project, significant targeted outreach was undertaken across a broad range of stakeholders. This, together with the feedback received from the public consultations, and Board deliberations of issues and proposals, provided the basis for finalizing and approving the EER Guidance at the March 2021 IAASB meeting. A history of the EER Project, including details of the information gathering, consultations, and exposure drafts, is available on the [IAASB's Webpage](#).

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<sup>1</sup> The GPPC comprises representatives of six international accounting networks: BDO, Deloitte, EY, Grant Thornton, KPMG and PWC.

<sup>2</sup> ISAE 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*

<sup>3</sup> ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements*

- 4) Considering the entity's process to identify reporting topics;
  - 5) Determining the suitability and availability of criteria;
  - 6) Considering the process used to prepare, or internal control over the preparation of, the subject matter information;
  - 7) Using assertions;
  - 8) Obtaining evidence;
  - 9) Considering the materiality of misstatements;
  - 10) Addressing qualitative EER information;
  - 11) Addressing future-oriented EER information; and
  - 12) Communicating effectively in the assurance report.
7. In the IAASB discussions in March 2022 and June 2022, the IAASB agreed that these areas of challenge continue to exist and further noted other challenges related to assurance on sustainability reporting. Recognizing the urgent need for a standard for assurance on sustainability reporting, it is not practicable to provide specificity on all challenges as part of the immediate standard-setting action. Section E, *Scope of a Standard for Assurance on Sustainability Reporting*, discusses the proposed approach to developing the new overarching standard, and the extent to which specific issues, such as those listed above, will be addressed.

#### *Public Interest Framework*

8. The IAASB leveraged the Public Interest Framework (PIF) published by the Monitoring Group in July 2020 (as part of their report "[Strengthening the International Audit and Ethics Standard-Setting System](#)") in developing this project proposal to articulate the public interest responsiveness of the project. Among other things, the PIF sets out the considerations essential to the judgments needed in the development of standards. Although the PIF is not yet required to be implemented by the IAASB, it is likely this project will be in progress and completed when the PIF is implemented. The elements of the PIF deemed applicable and relevant to this project to develop a standard for assurance on sustainability reporting have been tailored and used as the basis for this project proposal, while still adhering to the due process requirements currently in place. However, as the PIF is being implemented as part of the Monitoring Group reforms, there may be elements of the PIF that are relevant to standard setting that will be further developed for the IAASB's work more broadly in the future.
9. Throughout the duration of the project, the IAASB will benefit from the independent, direct oversight by the PIOB, and will remain transparent and adhere to the IAASB's agreed strategies, due process, and the need to be responsive to the public interest.
10. This project proposal describes the project objectives that support the public interest, as well as the project scope for the work that will be undertaken in the project.

## C. Project Objectives that Support the Public Interest<sup>4</sup>

11. Considering the stakeholders whose interests are to be served through a project on assurance on sustainability reporting (see Section D), the project objective is to develop a new overarching standard for assurance on sustainability reporting, that is:
  - (a) Responsive to the public interest need for a timely standard that supports the consistent performance of quality sustainability assurance engagements; and
  - (b) Suitable across all sustainability topics, information disclosed about those topics, and reporting frameworks, and is implementable by all assurance practitioners.

## D. Stakeholders Impacted by this Project

12. This project will aim to serve the interests of all relevant stakeholders by addressing key issues and challenges. For the purposes of this project, the key issue is the urgent need for a global solution for sustainability assurance engagements. An overarching standard for assurance on sustainability reporting would assist in avoiding fragmentation of assurance standards and enhance the consistent performance of quality assurance engagements, which is critical to all stakeholders. Further specific issues that will be prioritized by the IAASB are outlined in paragraph 25.
13. The four broad stakeholder groups,<sup>5</sup> who will be impacted by a project to develop a standard for assurance on sustainability reporting include:
  - (a) *“Users of sustainability information (“the users”) – this may include a broad range of stakeholders, including investors, lenders, and other creditors, who may use the sustainability information to make resource allocation decisions, as well as other users who may be interested in the impact of the organization, including consumers, taxpayers, employees, competition and prudential authorities, central banks and bodies in charge of financial stability oversight, and those granting public contracts. It may also include suppliers and nongovernmental organizations.*
  - (b) *The accounting profession and other practitioners performing assurance engagements – all assurance practitioners, including practitioners not associated with audit firms, may use the standard.*
  - (c) *Those in charge of adoption, implementation and enforcement of the standards as well as monitoring of the capital markets who rely on such standards– including national standard setters, regulators and inspectors, market authorities, public sector bodies, and professional accountancy organizations.*
  - (d) *Preparers – management, for entities of all sizes, in either the public or private sectors, as well as those charged with governance.*

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<sup>4</sup> See the PIF’s section on “What interests need to be served?” (on page 21 of the Monitoring Group’s report, “*Strengthening the International Audit and Ethics Standard-Setting System*”).

<sup>5</sup> These broad stakeholder groups have been adapted from the five stakeholder groups explained in the PIF’s section on “For whom are standards developed?” (on pages 20-21 of the Monitoring Group’s report, “*Strengthening the International Audit and Ethics Standard-Setting System*”). For the purposes of sustainability, the IAASB believes there is only one broad group of users, given sustainability information may be provided for both providers of financial capital and users with other interests.

14. In line with the PIF,<sup>6</sup> standard setting that is in the public interest requires a process that gathers views from all stakeholders, with a focus on assessing the merits of the various stakeholder views, irrespective of whether the views are a majority or a minority. The public interest of standards cannot be ensured through a mere aggregation of all stakeholder interests, rather the public interest requires weighing and balancing all stakeholder views.
15. In order to address the public interest as contemplated by the PIF, and to achieve the objectives of this project proposal, the project will:
- (a) Consider all stakeholder input and identify the different stakeholder interests that affect the overall objectives that will achieve the public interest;
  - (b) Appropriately weigh the input in terms of the public interest impact of the relative stakeholder interests;<sup>7</sup> and
  - (c) Appropriately balance alternative outcomes in terms of the expected responsiveness to the public interest.<sup>8</sup>

Although the PIF sets out a framework for how the public interest will be addressed, the approach for considering stakeholder interests and how they are weighed is largely consistent with how stakeholder input is currently considered on IAASB projects (i.e., judgment is applied).

## E. Scope of a Standard for Assurance on Sustainability Reporting

16. The IAASB envisages that standards for assurance on sustainability reporting that are comprehensive and provide specificity for all challenges in a manner similar to the International Standards on Auditing (ISAs), will need to be developed over time. As a result, the IAASB plans to:
- (a) Undertake immediate ***focused*** standard-setting action to address the urgent need for assurance on sustainability reporting. This project proposal deals with this immediate standard-setting action.
  - (b) In the future, explore further standard-setting activities, subject to available resources and the IAASB's priorities at the time. Recognizing that sustainability reporting is at an early stage in the maturity curve, this approach would enable the IAASB to respond to evolving priorities in the public interest, arising from changes and developments in sustainability reporting and assurance.
17. The immediate standard-setting action would focus on developing an overarching standard that addresses the conduct of an assurance engagement in its entirety (i.e., addresses all elements of the engagement from engagement acceptance through to reporting). Recognizing the urgent need for an overarching standard, the IAASB intends to provide more specificity for areas of the engagement where priority challenges have been identified (further outlined in paragraph 25).

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<sup>6</sup> See the PIF's sections on "For whom are standards developed?" and "How is the public interest responsiveness of a standard assessed?" (on pages 20-21 and 23-24, respectively, of the Monitoring Group's report, "*Strengthening the International Audit and Ethics Standard-Setting System*").

<sup>7</sup> This project will recognize the importance of all stakeholders but will focus on users of sustainability reporting. See the PIF's section on "For whom are standards developed?" (on pages 20-21 of the Monitoring Group's report, "*Strengthening the International Audit and Ethics Standard-Setting System*").

<sup>8</sup> See the PIF's section on "How are the interests of users best served?" (on pages 21-22 of the Monitoring Group's report, "*Strengthening the International Audit and Ethics Standard-Setting System*").

Therefore, although the IAASB would still address all elements of the assurance engagement, the IAASB would more specifically consider the requirements and application material for the priority areas, including the appropriate specificity of such material, in comparison with other areas of the standard. In doing so, the IAASB will keep in mind the overarching nature of the standard.

*Topics, Information Disclosed About the Topics and Mechanisms for Reporting*

18. Sustainability reporting covers many topics (i.e., underlying subject matter). The information disclosed about these topics (i.e., the resulting subject matter information) and the mechanism for reporting to the public or stakeholders (i.e., the collation and presentation of the subject matter information) also varies. In some cases, an entity may use multiple mechanisms for reporting information. The following illustrates the variety of topics that form part of sustainability reporting, the information disclosed about these topics that results from applying criteria to the topics, and various mechanisms used by entities for reporting the information (individually as one mechanism or a combination of mechanisms):

<b>Topics (Underlying Subject Matter)</b>	<b>Information Disclosed About the Topics (the Resulting Subject Matter Information)</b>	<b>Mechanism for Reporting (the Collation and Presentation of the Subject Matter Information)</b>
<ul style="list-style-type: none"> <li>• Climate, including emissions</li> <li>• Economic impacts, such as government assistance, tax strategy, anti-competitive behavior and market presence</li> <li>• Labor practices, such as diversity and equal opportunity and training and education</li> <li>• Human rights and community relations, such as local community engagement, impact assessments and development programs</li> <li>• Water and effluents, such as water consumption and water discharge</li> </ul>	<p>Depending on the criteria, information about the topics may relate to elements such as:<sup>9</sup></p> <ul style="list-style-type: none"> <li>• Governance</li> <li>• Strategy and business model</li> <li>• Risks and opportunities</li> <li>• Risk management or mitigation</li> <li>• Innovation to address risks and opportunities</li> <li>• Metrics and key performance indicators</li> <li>• Targets</li> <li>• Internal control over monitoring and managing risk</li> <li>• Scenario analysis</li> </ul>	<ul style="list-style-type: none"> <li>• Integrated report</li> <li>• Sustainability report</li> <li>• CSR Report</li> <li>• ESG Report</li> <li>• Annual report</li> <li>• Management commentary related to the financial statements</li> </ul>

<sup>9</sup> In certain instances, some of these elements may be the underlying subject matter. For example, the subject matter may be the entity’s governance processes, controls, and procedures used to monitor and manage climate-related risks and opportunities, and the subject matter information may be the information disclosed in the sustainability report about these governance processes, controls, and procedures, which is disclosed in accordance with a reporting framework (criteria).

- Energy, such as type of energy and consumption
- Biodiversity, such as impacts on biodiversity or habitats protected and restored

- Impact analysis, including magnitude of impact

*Organizations may address and present the topics, or the information about the topics, in an integrated manner (i.e., they may not always be addressed and presented individually).*

19. The overarching standard for assurance on sustainability reporting would be principles-based and be suitable for assurance engagements for all topics, information disclosed about the topics and mechanisms for reporting. This is because:
- (a) Global developments in sustainability reporting are more holistically dealing with sustainability topics, and priority areas may differ among jurisdictions or regions (e.g., climate may be a priority in developed countries, but developing countries may be dealing with social issues, such as modern slavery);
  - (b) Many concepts underlying the standard would be suitable for assurance across all sustainability topics; and
  - (c) Sustainability topics are often inter-related or presented in an integrated manner, and therefore designing assurance standards focused on specific topics could be complex to navigate.

#### *Reporting Frameworks and Users of Sustainability Information*

20. The overarching standard for assurance on sustainability reporting would be framework-neutral, i.e., suitable for assurance of sustainability information, irrespective of the underlying criteria used to prepare the sustainability information. Nevertheless, in developing the standard, the IAASB would utilize globally developed sustainability reporting standards as a basis for understanding whether the IAASB's proposals are appropriate and can be practically applied, such as the IFRS Sustainability Disclosure Standards being developed by the ISSB and the GRI Standards. Furthermore, the IAASB would monitor other jurisdictional developments on sustainability reporting, such as the SEC *Proposed Rules for The Enhancement and Standardization of Climate-Related Disclosures for Investors* and the European Union (EU) *Corporate Sustainability Reporting Directive (CSRD)*.
21. Recognizing that reporting standards may be designed to provide sustainability-related information to providers of financial capital, or more broadly for a variety of users (see paragraph 13), the IAASB's overarching standard for assurance on sustainability reporting would be suitable for assurance engagements of sustainability reporting regardless of the intended users.<sup>10</sup>

#### *Relationship with ISAE 3000 (Revised) and ISAE 3410*

22. Unlike existing subject-matter-specific standards that build upon ISAE 3000 (Revised), the overarching standard for assurance on sustainability reporting would be standalone (i.e., the

<sup>10</sup> The intended users is an important consideration for the assurance practitioner in determining the intended users of the practitioner's assurance report and in matters such as materiality, misstatements, and reporting. However, the IAASB's work will remain principles-based regarding the intended users, as is currently the case across the IAASB's Standards.

practitioner would not be expected to apply ISAE 3000 (Revised) and the standard for assurance on sustainability reporting would apply). Nevertheless, the overarching standard for assurance on sustainability reporting would be developed in a manner consistent with ISAE 3000 (Revised), with enhancements and specificity added to address assurance on sustainability reporting. The IAASB will also use the principles of ISAE 3410, applied to sustainability information more broadly, in developing a baseline of definitions, requirements and application material.

23. ISAE 3410 deals with greenhouse gas statements, a topic that typically forms part of sustainability information. The IAASB will consider whether it remains appropriate for ISAE 3410 to be based on ISAE 3000 (Revised), thus requiring a practitioner to apply ISAE 3000 (Revised) and ISAE 3410; or whether the new overarching standard should form the foundation for ISAE 3410.

#### *Limited and Reasonable Assurance*

24. Given that assurance on sustainability reporting is developing across jurisdictions at different rates, there is a need for an assurance standard that addresses both limited and reasonable assurance. In particular, although some jurisdictions plan to mandate limited assurance initially with a shift to reasonable assurance over time, not all jurisdictions have yet begun to perform these assurance engagements and regulators may not be considering mandating assurance at this stage. Furthermore, the IAASB envisages that some assurance engagements may consist of a hybrid of limited and reasonable assurance. As a result, the overarching standard for assurance on sustainability reporting would deal with both limited and reasonable assurance, including considering circumstances when a single assurance engagement involves both limited and reasonable assurance.

#### *Priority Areas where Specificity will be Provided*

25. As explained in paragraph 17, the IAASB intends to more specifically consider the requirements and application material for certain priority areas, including the appropriate specificity of such material. The following summarizes the priority areas that would be considered more specifically as part of developing the overarching standard:
  - (a) The difference in work effort between limited and reasonable assurance, including sufficiency of evidence.
  - (b) The suitability of the reporting criteria, including addressing concepts such as double materiality.
  - (c) The scope of the assurance engagement.
  - (d) Evidence, including the reliability of information and what comprises sufficient appropriate evidence.
  - (e) The entity's system of internal control and its impact on the ability of the practitioner to obtain sufficient appropriate evidence, including the reliability of the information to be used as evidence.
  - (f) Materiality in the context of the assurance engagement, including materiality in the context of narrative and qualitative information.
26. In the IAASB's engagement with key stakeholders described in paragraph 3, stakeholders have frequently raised issues related to reporting, such as clarifying the level of assurance to users of the

assurance report and the scope of the assurance engagement. Reporting will be addressed in the overarching standard as an element of the assurance engagement. In addition, the IAASB will signpost the examples of reports and guidance on reporting in the EER Guidance.

## F. Approach to Developing an Overarching Standard for Assurance on Sustainability Reporting

27. The actions underlying the approach to developing an overarching standard for assurance on sustainability reporting are set out below. The actions are intended to provide a roadmap to guide the work of the IAASB. However, as the standard is developed, additional actions may be needed or the approach may need to be adjusted and revised. In undertaking the actions below, the IAASB plans to consult with the reference groups described in paragraph 30.

1. Identify defined terms (i.e., terms and their related definition) in ISAE 3000 (Revised) and ISAE 3410. In doing so, identify similar or related terms in the ISAs and EER Guidance. Determine whether the defined terms are appropriate “as is,” or need to be adapted to be more relevant and suitable to assurance on sustainability reporting.

*(Note that further defined terms may be necessary as the standard is developed, for example, if new requirements are introduced).*

2. Identify relevant requirements and application material in ISAE 3000 (Revised) and ISAE 3410 (this includes identifying whether to use the ISAE 3000 (Revised) requirement, ISAE 3410 requirement or a combination of both).

The IAASB will also consider whether basic principles, essential procedures or guidance material in ISAE 3400 is relevant and useful to the new standard.

3. Develop criteria to use as a basis for identifying which ISAs may be considered in determining whether there are concepts (requirements and application material) that are appropriate for including in the new standard.

Use the criteria to identify which ISAs to consider.

Review the ISAs identified to consider whether there are concepts (requirements or application material) that are relevant and appropriate for including in the new standard.

4. Review the EER Guidance to identify material that should be included in the standard, either as a requirement or application material.

5. For priority areas, understand the specific issues, consider whether the material identified through actions 1–4 appropriately address the issue and if not, develop further material for inclusion in the standard.

28. As the standard is developed, the IAASB will consider the Drafting Principles and Guidelines to address complexity, understandability, scalability and proportionality (CUSP) in developing the ISAs, to the extent they are relevant.

29. The PIF sets out the framework for the development of high-quality international standards by the IAASB that are responsive to the public interest. In explaining how the stakeholders' needs can be served, the PIF sets out qualitative characteristics to assess a project's responsiveness to the public interest.<sup>11</sup> Such qualitative characteristics include characteristics relevant to the judgments needed in the development of standards and those applicable to standard-setting more broadly. In developing and revising principles-based requirements and application material for assurance on sustainability reporting, the relevant qualitative characteristics described in the PIF<sup>12</sup> that will be applicable as the project is being progressed include:
- (a) *Timeliness* (through addressing identified needs without sacrificing quality).
  - (b) *Relevance* (through recognizing and responding to emerging issues, changes in business or public practice environments, developments in accounting practices, or changes in technology and developing principles-based requirements that enable the objectives of those requirements to be achieved in differing circumstances).
  - (c) *Comprehensiveness* (through limiting the extent to which there are exceptions to the principles set out).
  - (d) *Implementability* (through being able to be consistently applied and globally operable across entities of all sizes and regions, respectively, as well as being adaptable to the different conditions prevalent in different jurisdictions).
  - (e) *Enforceability* (through clearly stated responsibilities).

It is intended that these qualitative characteristics are explicitly considered as the overarching standard for assurance on sustainability reporting is developed.

#### *Coordination with Experts, Other IAASB Task Forces, Working Groups and Consultation Groups and Other Standards Setters*

30. This project will require consultation with experts in sustainability assurance. For this purpose, the IAASB will form two reference groups to support the work of the Sustainability Assurance Working Group (SAWG) as follows:
- (a) One reference group will comprise subject-matter experts from various backgrounds with extensive experience in sustainability assurance, including experts from audit firms, academia and professional organizations.
  - (b) One reference group will comprise a focused group of experts who provide assurance engagements on sustainability reporting but are not associated with audit firms.
31. The project will involve coordination and collaboration with the International Ethics Standards Board for Accountants (IESBA) on matters such as applying the IESBA Code<sup>13</sup> in undertaking sustainability assurance engagements, and consistency of concepts (e.g., definitions). As the work of the IAASB and IESBA on sustainability reporting progresses, specific matters may arise on both sides that

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<sup>11</sup> See the PIF's section on "What qualitative characteristics should the standards exhibit?" (on pages 22-23 of the Monitoring Group's report, "*Strengthening the International Audit and Ethics Standard-Setting System*").

<sup>12</sup> The other qualitative characteristics apply more broadly, with some addressed by the matters set out in this project proposal, while others may need to be considered at the end of the project.

<sup>13</sup> IESBA International Code of Ethics for Professional Accountants (including International Independence Standards)

require coordination, for example, aspects of firm or assurance practitioner independence, and fraud or greenwashing

32. The project may also involve the need to coordinate and collaborate with other IAASB task forces, working groups and consultation groups, who may have insights and expertise on particular matters that may be relevant to assurance on sustainability reporting. For example, the IAASB Staff may seek input from:
- (a) The Audit Evidence Task Force, regarding principles related to sufficient appropriate evidence, professional skepticism and the reliability of information.
  - (b) Staff, board members and technical advisors involved in the quality management standards (ISQM 1<sup>14</sup> and ISA 220 (Revised)<sup>15</sup>), regarding concepts and principles introduced into the quality management standards that are also relevant for an assurance engagement of sustainability reporting.
  - (c) Staff, board members and technical advisors involved in ISA 315 (Revised 2019),<sup>16</sup> regarding concepts and principles introduced in the revisions to ISA 315 (Revised) 2019 related to understanding the entity and its environment and identifying and assessing the risks of material misstatement.
  - (d) Any other task forces, working groups or consultation groups, as relevant.
33. The IAASB also plans to engage, and coordinate where necessary, with other international standard setters responsible for sustainability-related reporting or assurance standards.

## **G. Project Timeline, Project Priorities and Resources**

34. The project will be undertaken in accordance with the Public Interest Activity Committees' Due Process and Working Procedures.<sup>17</sup>
34. The project to develop the overarching standard for assurance on sustainability reporting commenced in June 2022, as a result of the IAASB's agreement in the June 2022 meeting to initiate standard-setting work immediately. The priority action will be to develop the standard.
35. The IAASB proposes the following preliminary timetable, noting that specific project milestones and outputs may change as the project develops. Furthermore:
- (a) Should there be a need for non-authoritative guidance, this will be undertaken when feasible and to the extent resources are available, internally or externally, recognizing that the EER Guidance already exists and is comprehensive.
  - (b) In progressing the work, if there are opportunities to advance the targeted timing, the activities will be adjusted accordingly, and new targeted timelines will be communicated.

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<sup>14</sup> ISQM 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*

<sup>15</sup> ISA 220 (Revised), *Quality Management for an Audit of Financial Statements*

<sup>16</sup> ISA 315 (Revised 2019), *Identifying and Assessing the Risks of Material Misstatement*

<sup>17</sup> As required by the IAASB's [Terms of Reference](#), this is the [Due Process and Working Procedures](#) as approved by the PIOB and that the IAASB must adhere to in developing its International Standards.

Targeted Timing <sup>18</sup>	Action(s)	
	Standard-Setting (Priority Actions)	Other
H2 2022 to H2 2023	<ul style="list-style-type: none"> <li>Develop an exposure draft, including IAASB deliberation of priority challenges, proposals and relevant discussion of the exposure draft.</li> <li>Obtain input from the IAASB CAG on the proposals, including discussing the exposure draft.</li> <li>Obtain input from experts in sustainability assurance, in particular regarding the proposals to address the priority challenges.</li> <li>September 2023: Approval of an exposure draft by the IAASB.</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing engagement with key stakeholders.</li> <li>Ongoing monitoring of developments globally in sustainability reporting (including sustainability reporting standards), and assurance of sustainability reporting.</li> </ul>
H2 2023 to H1 2024	<ul style="list-style-type: none"> <li>Publish exposure draft and an Explanatory Memorandum for a 120-day comment period.</li> <li>Outreach with stakeholders, in particular investors, regulators, and practitioners from various backgrounds, who may not usually participate in the IAASB's consultation processes.</li> <li>February 2024: Comment period for responses to exposure draft closes.</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing monitoring of developments globally in sustainability reporting (including sustainability reporting standards), and assurance of sustainability reporting.</li> <li></li> </ul>

<sup>18</sup> H1 includes the period January through June, and H2 includes the period July through December of any calendar year, respectively.

Targeted Timing <sup>18</sup>	Action(s)	
	Standard-Setting (Priority Actions)	Other
H1 2024 to H2 2024 / H1 2025	<ul style="list-style-type: none"> <li>• IAASB deliberation of responses to the exposure draft and resulting proposed changes to address feedback.</li> <li>• Obtain input from the newly formed Stakeholder Advisory Council (SAC)<sup>19</sup> on addressing key issues in finalizing the proposed overarching standard, as may be necessary.</li> <li>• Obtain input from experts in sustainability assurance regarding proposed changes to address feedback.</li> <li>• December 2024–March 2025 (depending on progress post-exposure draft): IAASB approval of the final pronouncement.</li> <li>• The next PIOB meeting after IAASB approval of the final pronouncement:                         <ul style="list-style-type: none"> <li>○ PIOB approval of due process in the development of the final pronouncement.</li> <li>○ Publication of the final pronouncement and Basis for Conclusions.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Ongoing engagement with key stakeholders.</li> <li>• Ongoing monitoring of developments globally in sustainability reporting (including sustainability reporting standards), and assurance of sustainability reporting.</li> <li>• Outreach with stakeholders to promote the new standard, and educate key stakeholders, such as investors on assurance on sustainability reporting (in particular how to interpret and understand the practitioner’s assurance report).</li> </ul>

36. In determining the resources required for this project, the IAASB will:

- (a) Assign IAASB Staff with the appropriate level of seniority and experience, and utilize available Staff resources, as and when these are available. The IAASB has also appointed a principal with sustainability experience to provide the necessary technical expertise.
- (b) Explore utilizing a drafting team at appropriate intervals throughout the project, to leverage standard-setting drafting expertise across the IAASB members and technical advisors.
- (c) Utilize the Sustainability Assurance Task Force (SATF) to provide input to proposals developed

<sup>19</sup> IAASB leadership expects that the SAC will commence its activities in 2024 and replaces the IAASB and IESBA Consultative Advisory Groups as contemplated under the Monitoring Group reforms.

by the IAASB Staff team. The SATF will comprise IAASB members, technical advisors, or others, as appropriate, with diverse backgrounds and who represent various geographical regions. The SATF members also will be selected based on relevant expertise in sustainability or non-financial assurance, and ISAE 3000 (Revised).

- (d) Consult with key stakeholders (such as regulators, assurance oversight bodies, other standard setters and the GPPC) and experts in sustainability assurance, including the reference groups (see paragraph 30)
- (e) Prioritize the project and allocate sufficient Board plenary time to deliberate significant matters.
- (f) Allocate sufficient time to consult with the CAG or SAC, as appropriate, on significant issues relevant to the project.
- (g) Allocate sufficient time to consult with the PIOB on its public interest issues relevant to the project.

## H. Project Output and Impact

37. The expected output of the project is an International Standard on Sustainability Assurance. In line with the PIF's qualitative characteristics used to describe the assessment of a standard's responsiveness to the public interest, the qualitative characteristics to be considered when finalizing this project include whether the revised standard:
- (a) Is consistent with the identified public interest objectives set out for the project (see Section C).
  - (b) Operates coherently with the overall body of IAASB Standards.
  - (c) Has responded, as appropriate to differing circumstances, emerging issues, changes in business or public practice environments, developments in accounting practices, or changes in technology.
  - (d) Reflects the results of broad consultation and has balanced stakeholder priorities.
  - (e) Has been developed with sufficient clarity and conciseness to support proper intended application and minimize the likelihood of differing interpretations.
  - (f) Is capable of being implemented effectively, and consistently applied globally.
38. The project will result in a principles-based overarching standard for assurance on sustainability reporting that is suitable for assurance engagements for all topics, information disclosed about the topics and mechanisms for reporting. Although the standard will contain application material, the standard will not provide detail on how to apply the standard to specific circumstances (e.g., how to apply the standard to certain topics, or information about those topics). The standard will aim to enhance global consistency in the performance of assurance engagements on sustainability reporting, thereby promoting quality and enhancing the reliability of sustainability reporting. Furthermore, the finalization of an International Standard on Sustainability Assurance will reduce the risk of fragmentation in assurance standards.