

# IESBA Meeting Highlights and Decisions

June 2022

This summary of decisions of the International Ethics Standards Board for Accountants (IESBA) has been prepared for information purposes only. Except for documents approved for public exposure and issuance of final pronouncements, decisions reported on technical matters are tentative, reflect only the current status of discussions on projects, and may change after further deliberation by the IESBA.

Given the ongoing COVID-19 situation, the IESBA held its meeting on June 6-8, 2022 in a hybrid format. The in-person portion of the meeting was held in New York, USA. The video recording of the meeting is available on the IESBA [YouTube](#) channel and the audio recording on the IESBA [website](#).

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## Sustainability

After having considered an update on the global and jurisdictional developments on sustainability reporting and assurance, the IESBA unanimously resolved to take timely action to develop fit-for-purpose, globally applicable ethics and independence standards as a critical part of the infrastructure needed to support transparent, relevant and trustworthy sustainability reporting. In this regard, the IESBA approved the Terms of Reference for its recently established Sustainability Working Group.

As part of its charge, the Sustainability Working Group will:

- Develop a strategic vision to guide the IESBA's standard-setting actions in relation to sustainability reporting and assurance. This will include a standard-setting project plan for the IESBA's consideration with a view to approval by December 2022.
- Undertake awareness-raising activities to highlight the role of the IESBA and the applicability of the provisions in the [International Code of Ethics for Professional Accountants \(including International Independence Standards\)](#) (the Code) to sustainability reporting and assurance.
- Conduct fact finding, including extensive stakeholder outreach to inform the IESBA's standard-setting activities and other workstreams.

The IESBA plans to coordinate this work closely with others, in particular the International Auditing and Assurance Standards Board (IAASB) and the International Sustainability Standards Board (ISSB).

The IESBA also received an update on the targeted stakeholder outreach that Working Group members and other IESBA representatives undertook since the March 2022 meeting. In particular, the IESBA noted key takeaways from a May 2022 webinar titled, [Instilling Public Trust and Confidence In Sustainability Reporting And Assurance](#). In addition, IESBA members provided input on the Working Group's proposed sustainability stakeholder questionnaire and on the topics and issues to be addressed in a forthcoming Staff publication on the topic of greenwashing.

The IESBA will consider options for the way forward from the Working Group at its September 2022 meeting.

### Rollout of Revised Public Interest Entity (PIE) Definition

The IESBA received an update from the PIE Rollout Working Group on activities to promote adoption and implementation of the final provisions relating to the revised definitions of listed entity and PIE which were issued in April 2022.

The IESBA also received an update on the IAASB's related project pertaining to the development of narrow-scope amendments to International Standard on Auditing 700 (Revised), *Forming an Opinion and Reporting on Financial Statements*, and ISA 260 (Revised), *Communication with Those Charged with Governance*. The IAASB project is aimed at operationalizing the transparency requirement in the Code's revised provisions regarding disclosure of the application of the additional independence requirements for audits of PIEs. The IESBA provided input on whether the [draft proposed revisions to ISA 700 \(Revised\)](#) meet the transparency requirement in the Code.

The IESBA additionally considered a draft of an IESBA Staff Questions & Answers (Q&A) publication being developed to support the effective implementation of the revised PIE provisions. The Q&A publication is expected to be issued by Q4 2022.

The IESBA will receive a further update from the Working Group at its September 2022 meeting.

### IFAC Panel on International Accounting Education

The IESBA received a presentation from Staff of IFAC's International Panel on Accountancy Education (IPAE) on the IPAE's current projects and priorities of relevance to the IESBA. Among other matters, the IESBA noted the IPAE's ongoing activities to support the development, adoption, and implementation of the Code.

The IESBA noted the importance of having in place a process for identifying specific topics and areas that overlap the remits of the IESBA and IPAE. The IESBA was also briefed on recently completed and planned collaboration and coordination activities between the IPAE and IESBA, including those related to the IESBA's technology-related workstreams.

### Tax Planning & Related Services

The IESBA considered the Tax Planning Task Force's summary on the significant feedback received from the three global virtual roundtables held in April 2022. The roundtables brought together a broad range of stakeholders to discuss a proposed ethical framework to guide professional accountants in business and in public practice when providing tax planning and related services. Among other matters, the IESBA noted the common themes and key messages received across the three roundtables. Topics the IESBA discussed included the complexities and challenges of dealing with the ethical dimension of tax planning, navigating the uncertainties around tax planning, and communication and documentation.

The IESBA will consider a first-read draft of proposed revisions to the Code at its September 2022 meeting.

### Emerging Issues and Outreach Committee (EIOC)

The IESBA received an update on the activities of the EIOC since March 2022. Following a presentation from the EIOC, the IESBA discussed ethics and independence implications arising from the Ukraine-

Russia war and supported the EIOC's recommendation to commission the development of an IESBA Staff Alert to raise awareness of provisions in the Code that are especially important in the context of the conflict.

In addition, the IESBA was briefed on the status of the European Union's consultation on corporate reporting reform and the UK's Business, Energy and Industrial Strategy (BEIS) consultation on audit market reforms. Finally, the IESBA noted a list of topics for future EIOC consideration.

The IESBA will receive its next EIOC update in September 2022.

## IAASB-IESBA Coordination

The IESBA received an update on the coordination activities with the IAASB since March 2021. Among other matters, the IESBA was briefed on the status of the current IAASB projects and initiatives, the projects and initiatives for which there is ongoing coordination between the IESBA and IAASB, and the IAASB initiatives that may require potential coordination in the near to medium term.

## Technology Fact Finding and Thought Leadership

The IESBA received an overview from the Technology Working Group on preliminary themes and sub-themes that have arisen from the Working Group's ongoing outreach and fact-finding work to date, including discussions held with stakeholders during Q2 2022. The IESBA was also briefed on discussions held with the recently established Technology Experts Group (TEG), in particular, about the TEG's views and observations on the Working Group's analysis of its findings to-date.

The IESBA noted the Working Group's current thinking about various technology-related trends and topics, including: data used for AI training, ethical leadership in "gray-zone" situations, communication with those charged with governance about technology-related risks, custody of client data, and increased pressures on professional accountants and others arising from the pace of change in technology. In addition, the IESBA received a status update on the development of technology-related thought leadership and other ethics and independence resources.

The IESBA will receive the Working Group's final report at its September 2022 meeting.

## Engagement Team–Group Audits Independence

The IESBA received a high-level overview of the early comments raised by respondents to the February 2022 Exposure Draft, [Proposed Revisions to the Code Relating to Engagement Team and Group Audits](#). The IESBA was also briefed on the Task Force's activities since December 2021, including two virtual global webinars held in April 2022.

The IESBA will consider a full review of respondents' comments and a first-read draft of the Task Force's revisions to the proposed changes to the Code at its September 2022 meeting.

## Next Meeting

The next IESBA meeting is scheduled for September 12-16, 2022, to be held in a hybrid format in Nashville, Tennessee, USA.