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IAASB Proposes Strategy and Work Plan for 2024-2027

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On January 11, 2023, the [International Auditing and Assurance Standards Board \(IAASB\)](#), a “global independent standard-setting body that serves the public interest by setting high-quality international standards” for the global auditing and assurance profession, **proposed** a strategy and work plan for 2024 to 2027 (the Plan). The purpose of the Plan was to “accelerate the actions” identified in its 2020-2023 strategy and “[d]evelop the global accepted and leading audit, assurance, and related services standards enabling the performance of high-quality engagements that enhance trust in markets and evolve in a timely manner to meet rapidly changing public interest demands.”

The Plan identifies four strategic objectives:

1. Support the consistent performance of quality audit engagements by enhancing our auditing standards in areas where there is the greatest public interest need;
2. Establish globally accepted standard(s) for assurance on sustainability reporting;
3. Strengthen coordination with the International Ethics Standards Board for Accountants and other leading standard setters and regulators to leverage better collective actions in the public interest; and
4. Create more agile, innovative ways of working in line with the Monitoring Group’s reform vision.

Importantly, the Plan recognizes the increased demand for consistent global standards for non-financial information, driven, in part, by companies transitioning from “voluntary reporting commitments to requirements mandated across various jurisdictions” and “urgent call[s] to develop international standards on sustainability assurance.” But the plan also recognizes that the intensifying calls for sustainability reporting is prompting other jurisdictional and international organizations to create their own assurance standards, which undermines, in IAASB’s view, the “value of a global standard-setting solution that provides a baseline” that “promote[s] consistency, comparability, and transparency.” To that end, the IAASB is coordinating with “other relevant standard-setting bodies” including the International

Sustainability Standards Board (ISSB). The IAASB has requested comments from stakeholders by April 11, 2023.

Taking the Temperature: The IAASB is joining the long list of global industry standard-setters to emphasize the value of consistent standards, particularly in the face of the growing demands for sustainability and other non-financial information reporting. The Plan importantly makes a priority coordination among standard-setting bodies, such as the ISSB, to aim for consistency among different industries and jurisdictions. As noted in the Plan, it will be important for the IAASB to promptly issue its reporting standards so that companies can utilize such standards as they increasingly transition from voluntary to mandatory reporting, and in order to avoid competing with other standard-setting bodies, which, **as we have seen in the asset management and other industries, can cause confusion and virtually guarantees inconsistent reporting, which undermines the very purpose of the reporting standards in the first place. And we agree with IAASB's implicit position that the enactment of mandatory reporting requirements does not eliminate (and perhaps only enhances) the need for industry guidance provided by organizations such as IAASB. Mandatory regulation tends to be high-level and not prescriptive, leaving regulated entities to determine how to satisfy the requirements. Consistent guidance from recognized standard-setters such as IAASB helps to fill that gap. We also noted IAASB's reference to the "external reporting ecosystem," which it says "comprises preparers (i.e., entities and their management), those charged with governance, users of externally reported information, auditors, assurance and other practitioners, international and jurisdictional standard setters, and regulators and oversight bodies." We also have **discussed** that very few, if any, climate-related matters exist in isolation, and that companies should be taking a holistic approach to climate-related issues that encompasses governance (risk and opportunity assessment), data collection and assessment and disclosure.**