

Tea / Comfort Break

We will recommence at 10:25am SAST



Agenda – Session 2

#	Item	Time	Presenter
5	Ethics Standards for Sustainability Assurance	10:25 – 10:40	IESBA Chairperson
6	Ethics (greenwashing and greenhushing)	10:40 – 10:55	Sarah Lane
7	The assurance response	10:55 – 11:15	Neil Morris (IAASB Member)
	Q&A (10 minutes)		Ian Mtegha
8	Panel Discussion 2: The Future of sustainability reporting and assurance	11:25 – 12:10	Shaheed Osman David Madon Bruce Vivian Mohsin Yahya Nana Sharon Machado
9	Academic Research Presentation: A globally relevant definition for the term 'sustainability'	12:10 -12:25	Peter Brodrick

Webinar Conclusion (5min)



Sarah Lane is the Head of Ethics and Assurance at ACCA's Policy and Insights team, where she represents ACCA globally in ethics across various countries and industries. She leads the policy on ethics and assurance, contributing to thought leadership publications and consultations. Sarah emphasises the importance of fundamental principles in professional ethics, reflecting the profession's public interest responsibility.

Before ACCA, Sarah worked in Risk and Compliance in multiple industries. She holds a Business Studies degree and started her career in auditing and accounting, including roles at KPMG Dublin and Mazars. She also worked with Chartered Accountants Ireland and is a Fellow of CAI.



ethics for a

better world.



Agenda

- Ethical Lapses, greenwashing, greenhushing
- Evolving Standards
- Ethical Challenges
- Ethical Dilemmas in Sustainability Reporting





Ethical Lapses, Greenwashing, Greenhushing

We're taking action against investment company BlackRock for greenwashing

PwC banned for 6 months in China for 'concealing fraud' at Evergrande

Big Four firm pays \$62mn fine and fires 11 staff over audit of collapsed developer



Guest Post – When Companies Go Quiet: Exploring the rise of Greenhushing

ESG Today Guest Post | July 10, 2024

Is it really possible to fly 'carbon neutral' with Qantas? A greenwashing complaint to the ACCC hopes to find out

Accounting firms hit with record US fines over audit failures

PCAOB imposes total penalties nearing \$12mn against PwC, Deloitte, KPMG and others

KPMG fined a record £21mn over 'textbook' failures in Carillion collapse



Evolving global ethics standards

US audit firms ordered to bring in outsiders to oversee quality

Larger firms will have to set up an oversight board with at least one independent outsider

IESBA's strategic roadmap explained

Chair of IESBA Gabriela Figueiredo Dias shares her insights into the future of ethical conduct for accountants.

Global ethical standards on tax planning for accountants launched

By Sam Sholli April 15, 2024



Evolving global sustainability standards

The Corporate Sustainability Reporting Directive (CSRD) and what it means for you

12th February, 2024

IAASB approves new global sustainability assurance standard

ISSA 5000 is set to replace ISAE 3000 (Revised) as the preferred framework for providing assurance of sustainability standards.

Standard setter launches ethics rules for sustainability reporting and assurance

The proposed standards aim to combat greenwashing and foster greater trust in sustainability reporting and assurance.

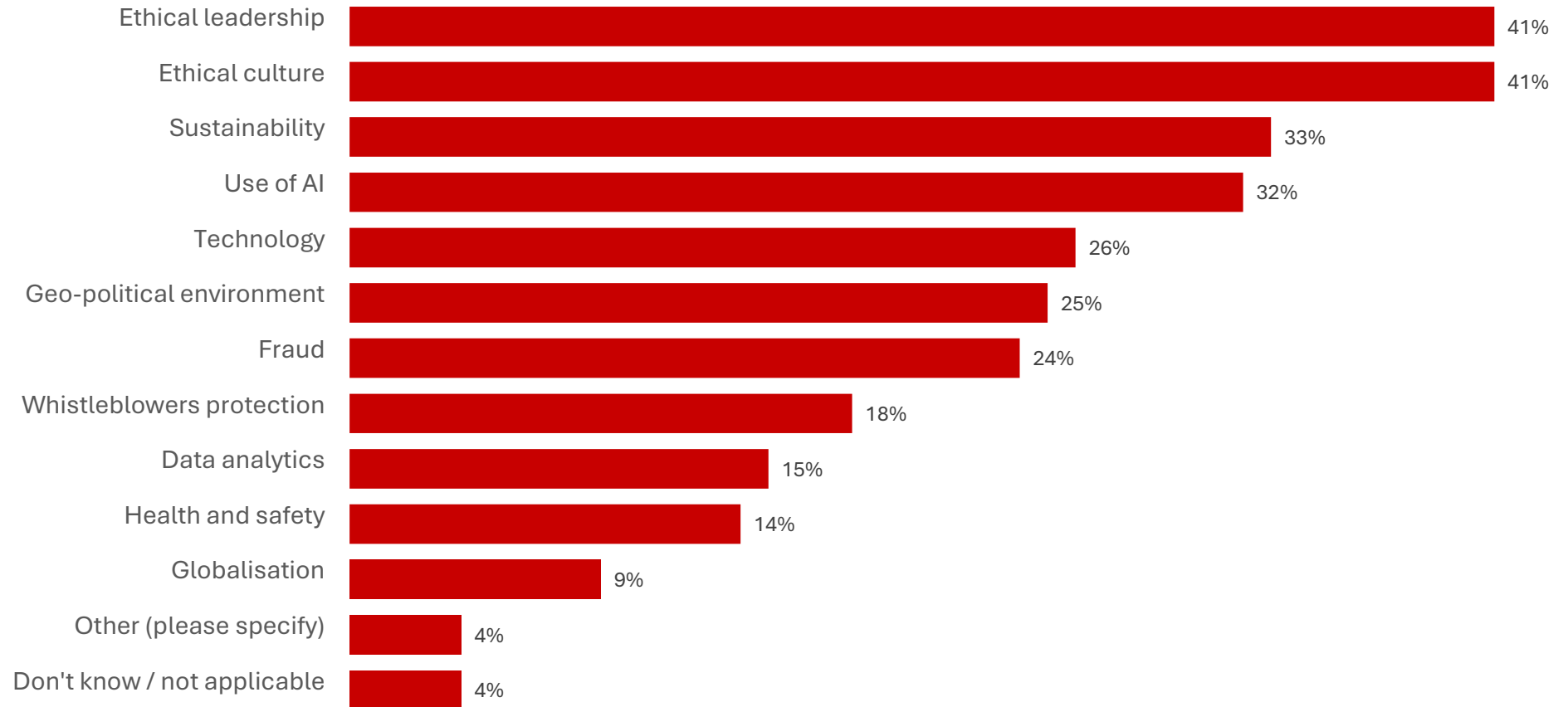


What ethical challenges are our members facing?

The new era of ethical challenges for professional accountants (accaglobal.com)



Ethical challenges Research 2024





Top ethical challenges in the next three years





ETHICAL DILEMMAS IN AN ERA OF SUSTAINABILITY REPORTING

ACCA guide provides real-world scenarios:

- Risks of greenwashing
- Weakness in processes and systems
- Lacking technical knowledge
- Compromises in objectivity and independence



Ethics and Sustainability Report & Video

[Ethics for a better world: Ethics & sustainability–London, UK #acca #sustainability #GlobalEthicsDay – YouTube](#)

For full report: [PI-ETHICAL-SUSTAINABILITY-REPORTING v4.pdf \(accaglobal.com\)](#)

ACCA Global Ethics Day



- ✓ **Video Series:** We've brought together five leaders from around the world in a compelling video series focused on the theme of ethical leadership. The hero video demonstrates the key points in an engaging way (and if you're short on time is just over 2 minutes). Look at this link: [Global Ethics Day 2024 - YouTube](#)
- ✓ **Ethical Research:** We also launched our research to coincide with Global Ethics Day. The drivers of breaches in accounting firms and some hot topics. Our results are fascinating and are based on over 1,100 responses from 135 countries: [The new era of ethical challenges for professional accountants \(accaglobal.com\)](#)
- ✓ **Ethics Event:** As part of our report launch, we are also doing a session as part of our annual AFF. You can register here to attend this session on 28 November at 12pm GMT (and it's free and open to the public so also non-accountants etc): [Accounting for the Future 2024 \(on24.com\)](#)

Agenda

- Ethical Lapses, greenwashing, greenhushing
- Evolving Standards
- Ethical Challenges
- Ethical Dilemmas in Sustainability Reporting





Neil Morris is the Global Head of Assurance and ESG Methodology at KPMG and a Board member of the International Auditing and Assurance Standards Board (IAASB) since January 2023. With 25 years of experience at KPMG in South Africa and the UK, he specialises in climate change and sustainability assurance, audit risk management, and financial audit.

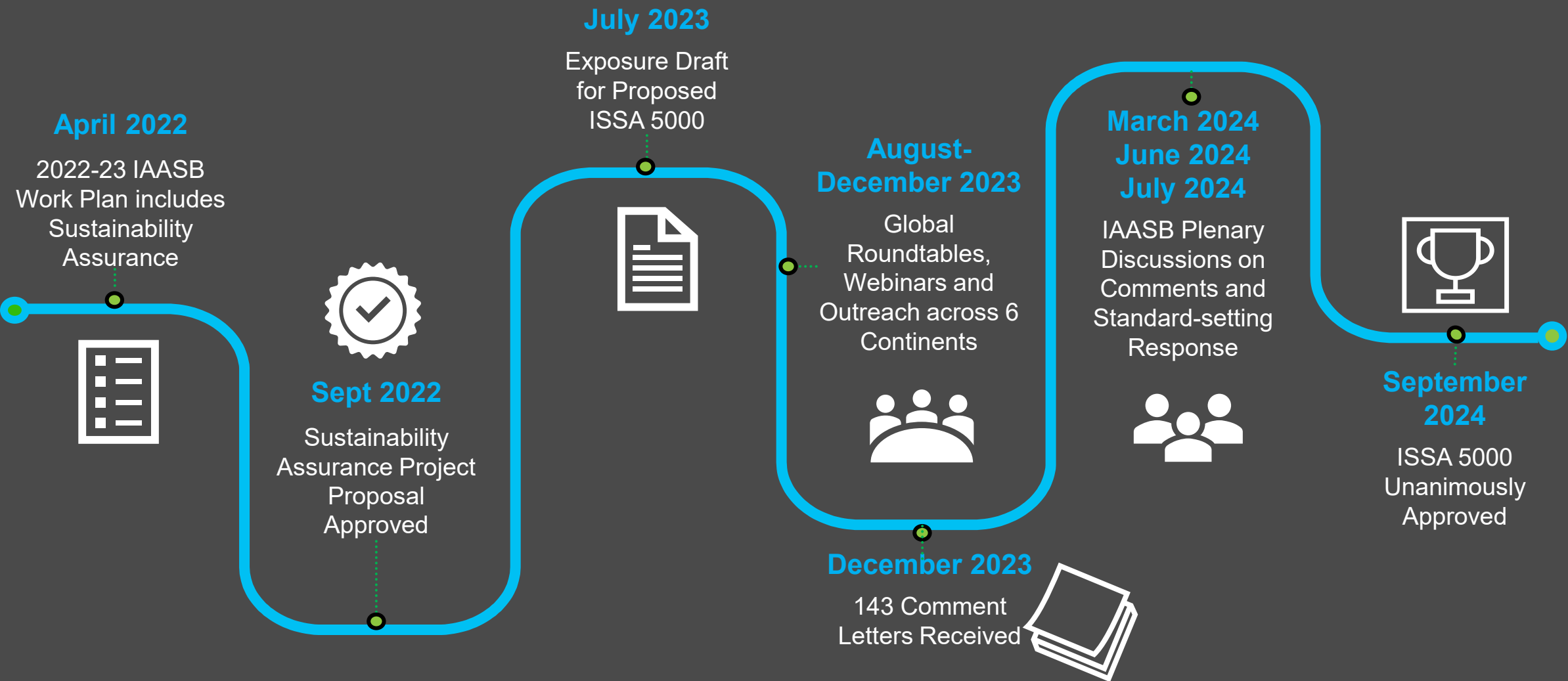
Neil is a Chartered Accountant, a member of SAICA, and a Registered Auditor with IRBA. He holds a Bachelor of Commerce in Accounting from the University of Cape Town and a Bachelor of Commerce Honours in Accounting from the University of KwaZulu-Natal.

Neil's career is marked by his commitment to advancing auditing and assurance standards, particularly in sustainability and climate change.

Sustainability Assurance

Neil Morris
IAASB Member

ISSA 5000 Approved on Time within Accelerated Timeline



First Global Baseline for Sustainability Assurance Approved

International Standard on Sustainability Assurance ISSA 5000, *General Requirements for Sustainability Assurance*



KEY FEATURES

- Applies to sustainability information prepared under any suitable reporting framework
- Underpinned by ethics and quality management
- Limited and reasonable assurance paragraphs clearly distinguished
- Available to all assurance practitioners
- Encompasses assurance on any sustainability information, including GHG emissions: ISAE 3410 to be withdrawn and relevant materials repurposed

Key Matters Raised by Stakeholders were Addressed in ISSA 5000



Profession agnostic



Scope and inclusion of GHG



“At least as demanding” for ethics & quality management



Materiality

- Consider vs Determine
- Concepts of Materiality



Fraud and non-compliance



Work effort for preconditions

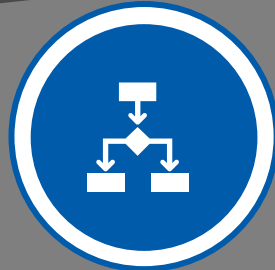
Key Matters Raised by Stakeholders were Addressed in ISSA 5000



Approach to estimates and forward-looking information



Groups and value chain



Risk assessment & understanding controls for limited assurance



Engagement team vs. using the work of others



Connectivity with the financial statement auditor

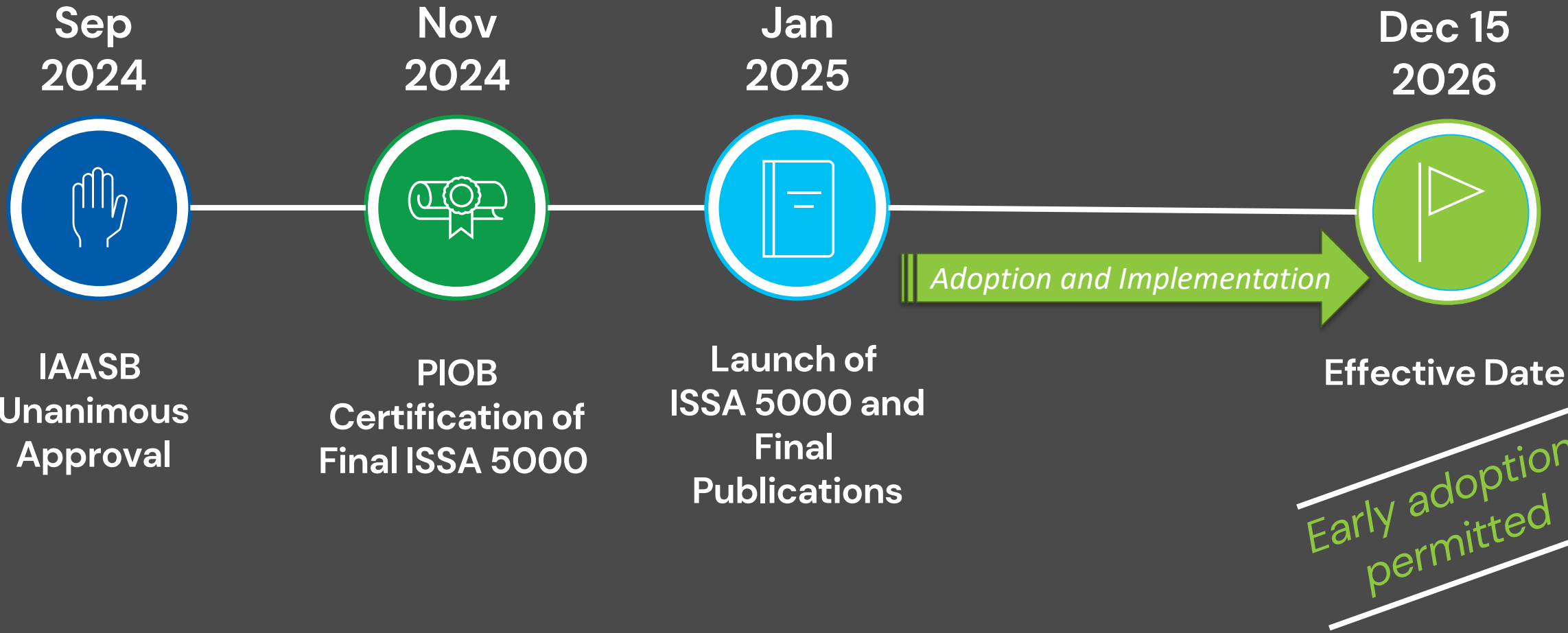


Transparency in assurance report



IAASB-IESBA Coordination
> Fully Aligned

ISSA 5000: What's Next?



Comprehensive Global Adoption and Implementation Plan



Supporting stakeholders in adopting and implementing final ISSA 5000



Resources under Development

- Support materials to be published with ISSA 5000:
 - ISSA 5000 Implementation Guide – to address challenges raised in outreach, ED comments, Board plenary and Sustainability Assurance Task Force discussions
 - Basis for Conclusions – technical reasons for decisions made in responding to comments on the exposure draft of ISSA 5000.
 - Fact Sheet - easy-to-use reference for the structure and content of ISSA 5000
- Additional resources following publication of ISSA 5000:
 - FAQs
 - Guidance on scope and applicability, QM, materiality and illustrative reports



Stakeholder Engagement & Support

- Short videos
- Technical webinars
- Presentations at stakeholder events
- Direct engagement with reporting standard-setters, IESBA, regulators, IFAC, national standard-setters, reference groups



Questions

Neil and Ian in
conversation



Shaheed Osman is a partner at KPMG South Africa, a Chartered Accountant (CA(SA)), and a registered auditor with IRBA. He leads ESG assurance for KPMG Africa, overseeing reporting and assurance of ESG matters, and serves as engagement partner or quality reviewer for listed ESG engagements.

He also contributes to global sustainability reporting through KPMG's technical team and is a member of the Integrated Reporting Council of South Africa and the IRBA's Sustainability Standing Committee.



Sharon Machado leads the sustainable business efforts within ACCA's Policy and Insights team, focusing on thought leadership and policy in areas like sustainable business transition, ethics, and financial reporting. She collaborates globally with members and policymakers, including the European Commission and IFRS Foundation, to promote sustainable business practices.

Since joining ACCA in 2008, she has also contributed to shaping the ACCA Qualification and its digital transformation.

Sharon holds a degree in Pure Mathematics and Statistics, is a qualified accountant with Deloitte, and is a Fellow of ACCA.



Bruce Vivian is a Chartered Accountant (SA) with 17 years of diverse experience in the accountancy profession. He specialises in accountancy education and is passionate about sustainable development and international cooperation. His career spans the public, private, and non-profit sectors.

Since joining IFAC in 2021, Bruce has been leading their global accountancy education initiatives as the Head of Accountancy Education. He believes in uniting stakeholders and volunteers from various cultures to drive positive change.



Mohsin Yahya Nana is a registered auditor and chartered accountant, currently an Associate Partner at EY. He specialises in providing external assurance over financial statements and sustainability assurance, helping organisations achieve their ESG goals. His expertise ensures the accuracy and reliability of financial reporting for his clients.

Mohsin has worked with clients across various sectors, including Telecommunications, Media and Entertainment, Financial Services, and Consumer Products. Mohsin's commitment to excellence and strategic insights have made him a trusted advisor, guiding leading organisations through the complexities of financial and sustainability reporting.



Peter Brodrick is a Chartered Accountant (SA) with 18 years of experience in corporate reporting, management consulting, non-profit management, and university lecturing.

He lectures Financial Reporting at Nelson Mandela University, coordinates the George campus for the School of Accounting, and has a Master of Commerce thesis on sustainability reporting, which he has presented at academic conferences.

Peter provides outsourced CFO services to private sector clients and serves as treasurer of the Garden Route District committee of the South African Institute of Chartered Accountants (SAICA).



Constructing a globally relevant
definition for the term 'sustainability'
in an organisational reporting context

Peter Brodrick, CA(SA)

PURPOSE

1. Explore the definitional challenges relating to sustainability in an organisational reporting context,
2. Construct a comprehensive definition, drawing from existing sources, that will be globally relevant in the reporting context, and
3. Discuss the application of such a definition in interpreting sustainability reporting.





THE ISSUE

- Academic literature confirms the diversity of concept, the lack of standard terminology and clear definition for the term 'sustainability' in an organisational reporting context
- Gap in the literature for definitional studies on sustainability
- Implications:
 - inconsistency, complexity, reduced transparency for stakeholders
 - Sub-optimal decision-making for markets and broader society
 - Inhibited communication and value creation for stakeholders.

LANDSCAPE

- The sustainability reporting landscape currently has the emergence of three dominant standard-setters globally, each with different priorities:

	IFRS Foundation	Global Reporting Initiative (GRI)	European Commission
Audience	Investors; providers of financial capital	All stakeholders	Multi-stakeholder
Directional focus	Outside-in	Inside-out	Dual
Purpose	Enterprise value creation	Sustainable development	Sustainable development and organisational value
Materiality	Financial	Impact (on society, environment, economy)	Double

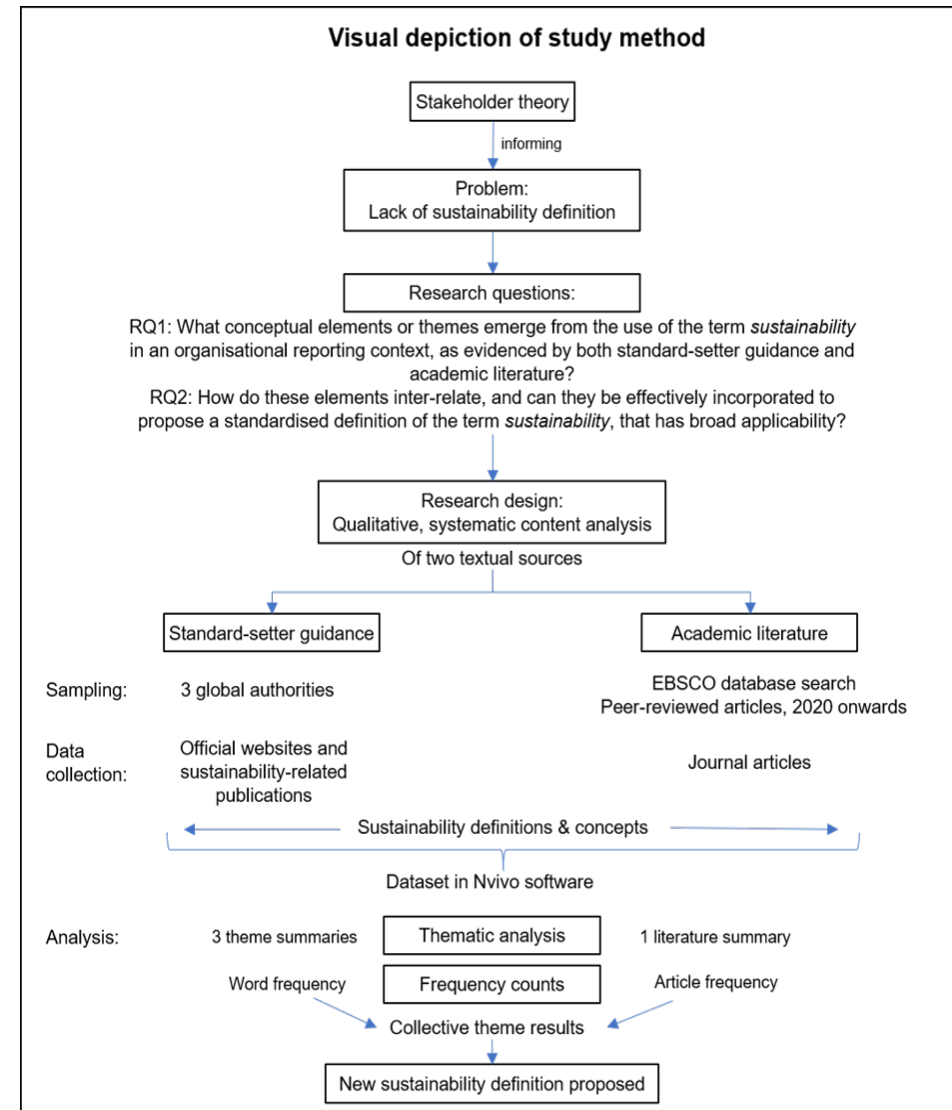
The diagram below the table shows four yellow boxes representing standard-setters under the 'Financial' column: CDSB, TCFD, IIRC, and SASB. A single yellow box representing 'UN SDGs' is positioned under the 'Impact' column.

STUDY

To develop and **analyse themes** and **inter-relationships** within existing explanations, using two sources: **standard-setter** guidance and academic **literature**

To **propose** (if possible) a new, **globally relevant definition** for the term 'sustainability'

Through qualitative **thematic analysis** and content analysis techniques.

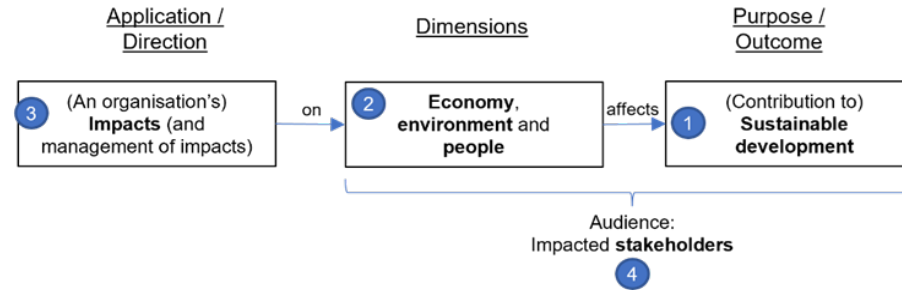


FINDINGS

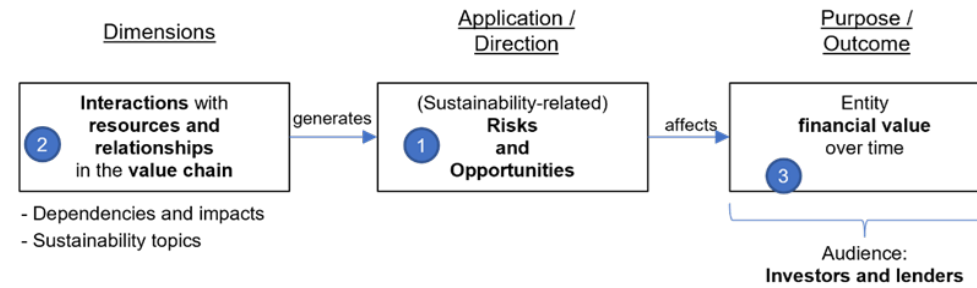
Standard-setters:

- Key themes
- Organised in common categories
- Alignment?

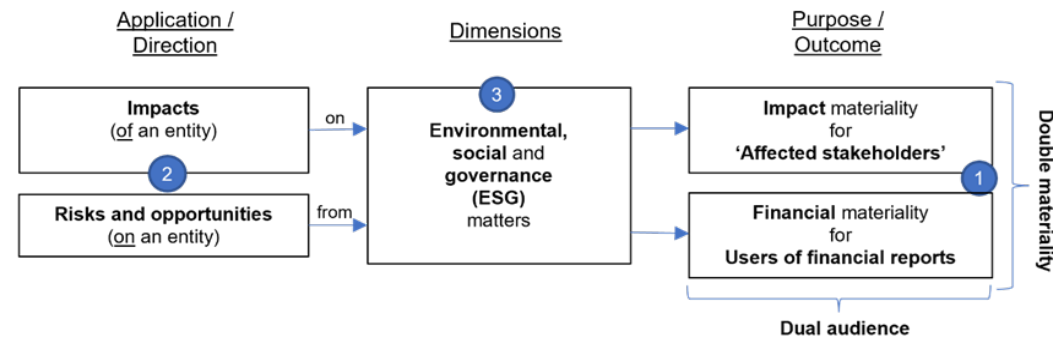
GRI: Sustainability concepts



IFRS Foundation: Sustainability concepts

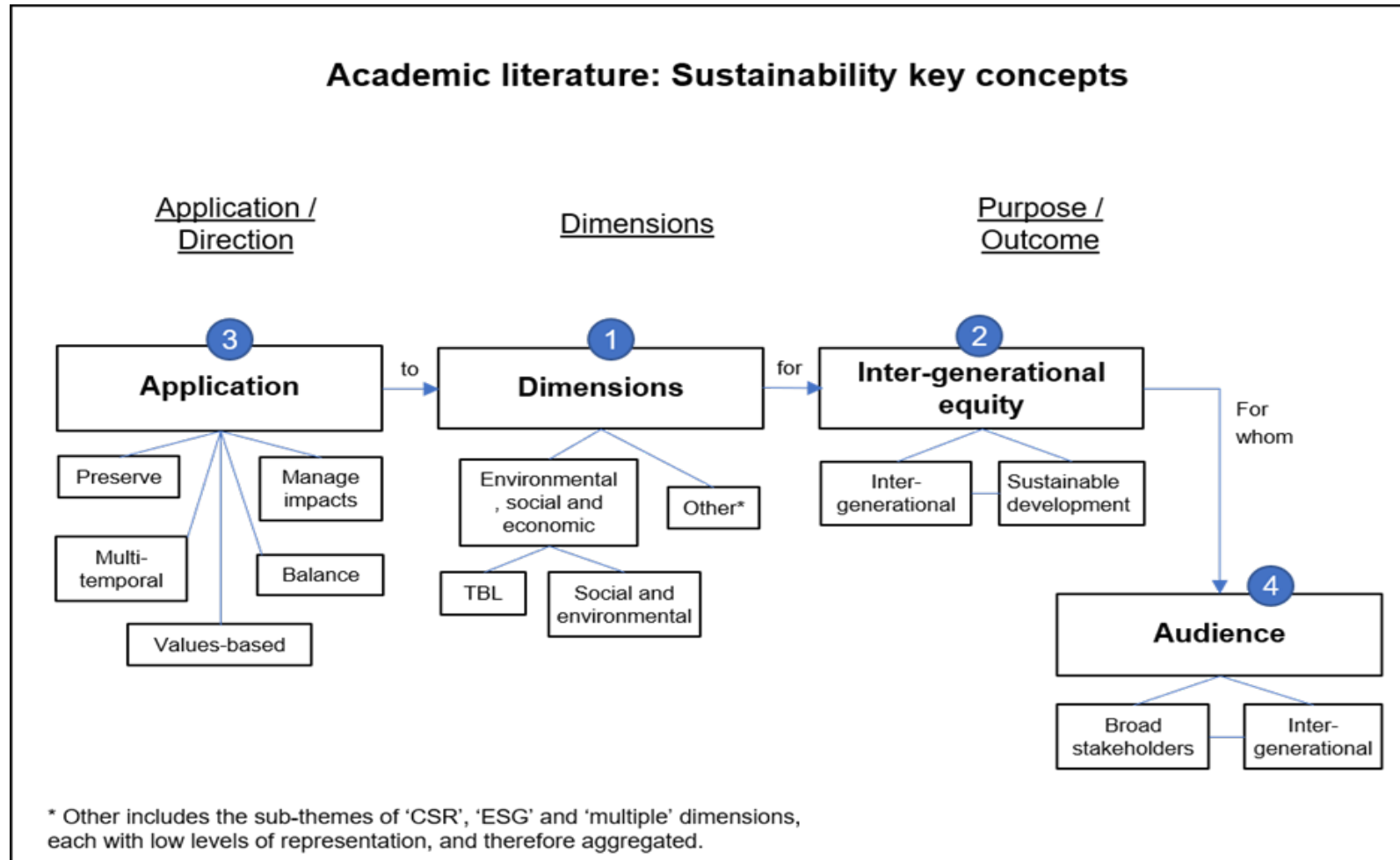


European Commission: Sustainability concepts



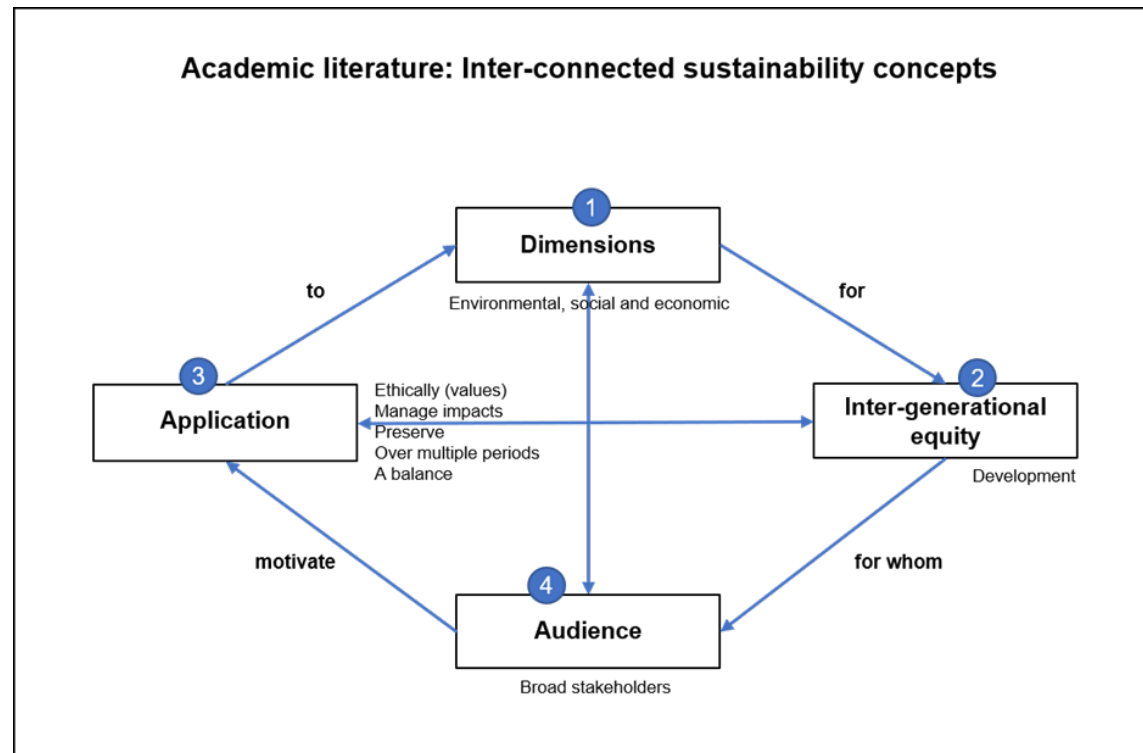
FINDINGS

Academic Literature:



FINDINGS

- Themes from literature are inter-related, working together to reinforce one another:



- Themes from literature lack a financial materiality focus, instead directed towards external stakeholder impact.

SUMMARY OF FINDINGS

- The notable driver of the difference in sustainability definitions is the audience or stakeholder concept



- Audience is the key determinant for the other definitional components of purpose, dimensions and application



The predicament of differing audiences can be solved by allowing the **audience to remain flexible in the overarching definition** of sustainability, which users can intentionally specify as a secondary statement in individual applications, thereby accommodating stakeholder needs.

PROPOSED DEFINITION

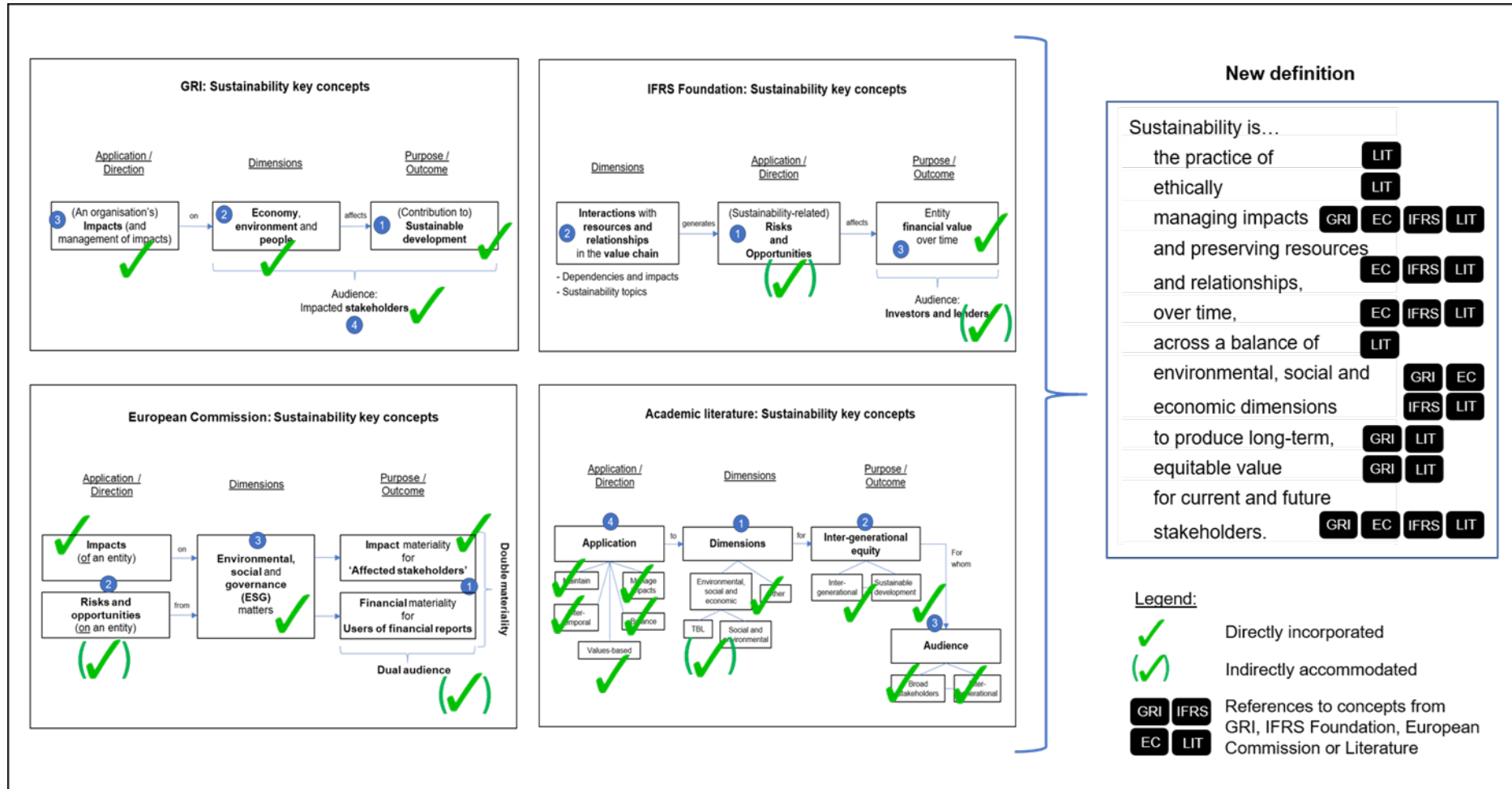
"Sustainability in an organisational reporting context is:
the practice of ethically
managing impacts and
preserving resources and relationships,
over time,
across a balance of
environmental, social and economic dimensions
to produce long-term, equitable value
for current and future stakeholders."

PROPOSED DEFINITION

Definition	Component	Explanation	Reference
Sustainability is...			
the practice of	Application	Practice implies action and application.	Literature
ethically	Application	Ethically concisely represents a values-based approach.	Literature
managing impacts	Application	Managing conveys action, impacts provides direction. Impacts can be positive or negative, broad enough to include 'risks and opportunities', as used in the IFRS Foundation definition.	GRI, EC, IFRS Foundation, Literature
and preserving resources and relationships,	Application	Preserving encapsulates maintaining and enhancing. Resources and relationships address physical and intangible factors within the dimensions.	IFRS Foundation, Literature
over time,	Application	Over time implies a longer-term view, not simply short-term. Short-, medium- and long-term horizons are relevant.	EC, IFRS Foundation, Literature
across a balance of	Application	Balance applies to the three dimensions of sustainability, such that they are given equal importance, and one dimension is not promoted at the expense of another.	Literature
environmental, social and economic dimensions	Dimensions	The three dimensions or topic areas relevant to sustainability. Social includes all people matters, such as human rights and governance issues. Governance refers to directing and controlling, which involves social interactions. As such, it was not considered necessary to identify governance as a separate dimension but rather explicitly explain it within social matters.	GRI, EC, IFRS Foundation, Literature
to produce long-term,	Purpose	Long-term describes the inter-generational aspect of purpose.	GRI, Literature
equitable value	Purpose	Communicating the concept of equity in outcomes. Both societal value and financial value can apply.	GRI, Literature
for current and future stakeholders.	Audience	Current and future represents the inter-generational aspect of stakeholders, incorporating the concept of those who are affected or could potentially be affected, in line with the GRI and EU. Stakeholders is a flexible term that can be further defined in contextual use.	GRI, EC, IFRS Foundation, Literature

PROPOSED DEFINITION

Linking the new definition to standard-setter and literature concepts:





RECOMMENDATIONS

- Adopt and apply, for greater consistency
- Test it and take it to the next level of detail:
 - What are the boundaries for E, S, E?
 - Appropriate balance across E, S, E, for local context (e.g. European vs African contexts)
 - Extend the discussion on the selection of stakeholders.



CONTRIBUTION & LIMITATIONS

- Adoption and consistent use can bring consistency in understanding and application, but its breadth limits its specificity.
- Spotlights the directional focus of different framework and standard-setters
- Where corporate reporters report against specific frameworks, users can better interpret their compliance based on their definitional focus
- Framework for academics in teaching on the topic and researchers using it as a benchmark for studies.
- It does not solve the stakeholder issue, but brings it into focus.
- A constructed definition for sustainability within an organisational reporting context – not necessarily all sustainability fields (science, engineering, social science, etc.)



THANK YOU

Peter Brodrick
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Resources:

- [Educating Accountants for a Sustainable World: Literature Review of Competencies, Educational Strategies, and Challenges for Sustainability Reporting Assurance](#)
- [Equipping Professional Accountants for Sustainability: What's New and What Hasn't Changed](#)
- [3 Actions for Auditing Educators to Prepare for the Proposed New Sustainability Assurance Standard, ISSA 5000](#)
- Follow IFAC's International Education Standards Sustainability Reporting Project on the [dedicated project page](#)
- [Sustainability reporting hub](#)
- [Section 7.3 \(Capabilities\) of the guide to preparation](#)
- [Integrative thinking: the guide to becoming a value-adding CFO](#)
- [ProDipSust Professional Diploma in Sustainability](#)
- [Ethical dilemmas in an era of sustainability reporting](#)
- [Skills for advancing data literacy for AI use](#)
- [pi-audit-and-technology.pdf](#)
- [Making information connections for sustainability creation](#)

