



NORGES BANK  
INVESTMENT MANAGEMENT

International Audit and Assurance Standards Board  
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## International Auditing and Assurance Standards Board 2024-2027 strategy consultation

We refer to the consultation on the Proposed Strategy and Work Plan for 2024-2027 of the International Auditing and Assurance Standards Board (IAASB), published in January 2023. We welcome the opportunity to contribute our perspective on the IAASB's strategy and priorities for the coming years through this consultation.

Norges Bank Investment Management (NBIM) is the investment management division of the Norwegian Central Bank and is responsible for investing the Norwegian Government Pension Fund Global (the fund). NBIM is a globally diversified investment manager with 12,429 billion Norwegian kroner at year end 2022. We are a long-term investor, working to safeguard and build financial wealth for future generations.

NBIM welcomes the IAASB's objective to establish globally accepted standards for assurance on sustainability reporting. Reliability and credibility of information provided in companies' sustainability reports is crucial for us as a global investor. Global standards for assurance of sustainability reports will be key to enhance the quality of the information provided to markets and used by investors and other stakeholders. It is important to recognise that many companies are new to sustainability reports, and therefore flexible and principle-based standards are particularly important to allow preparers and assurers to get familiar with sustainability reporting. Regarding the potential development of further standards for assurance on sustainability reporting beyond the overarching ISSA 5000 standard, evaluation of market response and implementation of the latter could facilitate the assessment of which specific aspects of the sustainability assurance engagements might need more granular requirements.

Regarding the other strategic objectives, we support the IAASB's aim to strengthen coordination with other leading standard setters. Coordination with the International Sustainability Standards Board is particularly important given the rapidly evolving nature of sustainability reporting standards, and the need to ensure that they are assurable. We also welcome the IAASB's work on professional scepticism and encourage the Board to consider how to embed it throughout its entire workplan and strategy. Exercising professional

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scepticism can help reduce corporate scandals and frauds, and address cases of greenwashing in the sustainability reporting space. Finally, we encourage the Board to focus on capacity building for auditors and other assurance practitioners. This is likely to be particularly necessary in the less mature and quickly evolving field of sustainability assurance.

We thank you for considering our perspective and remain at your disposal should you wish to discuss these matters further.

Yours sincerely

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Chief Governance and Compliance Officer

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Senior ESG Policy Adviser





## Questions

1. Do you agree with *Our Proposed Goal, and Our Proposed Keys to Success and Stakeholder Value Proposition* (see pages 5–6)?

*Yes. We particularly welcome the focus on coordination with other standard-setters in the Stakeholder Value Proposition.*

2. Do you agree with *Our Proposed Strategic Drivers* as the key environmental factors that drive the opportunities and challenges impacting our ability to achieve our goal (see pages 7–9)?

*N/A*

3. Do you agree with *Our Proposed Strategic Objectives and Our Proposed Strategic Actions* (see pages 10–14)?

*NBIM welcomes Strategic Objectives 2 and 3. We strongly support the IAASB's objective to establish globally accepted standards for assurance on sustainability reporting. For investors to be able to confidently use the information provided in companies' sustainability reports, it needs to be reliable and credible. Global standards for assurance of sustainability reports will be key to enhance the quality of sustainability information provided to markets and used by investors and other stakeholders. It is important to recognise that many companies are new to sustainability reports, and therefore flexible and principle-based standards are particularly important to allow preparers and assurers to get familiar with them. Developing too prescriptive assurance standards might prevent companies from producing meaningful disclosures on sustainability issues. We would like the assurance standards to be drafted in such a manner that meaningful, decision-useful disclosures are provided. This is particularly important given the newness of the standards. In our experience, newness combined with prescriptiveness tends to lead to boiler plate disclosures.*

*We also support the IAASB's objective to strengthen coordination with other leading standard setters, such as IESBA, IASB and ISSB. Coordination with the International Sustainability Standards Board is crucial in view of the rapidly evolving nature of sustainability reporting standards and the need to ensure that they are assurable.*

*Regarding Strategic Objective 1, we particularly welcome the IAASB's work on professional scepticism and encourage the Board to consider how to embed it throughout its entire workplan and strategy, beyond having a separate workstream. Professional scepticism is a cross-cutting issue relevant to all the standards developed by the Board, whether they are aimed at supporting financial statement audits or sustainability assurance engagements. Exercising professional scepticism can help reduce corporate scandals and frauds, and address cases of greenwashing in the sustainability reporting space.*

4. Do you support the identified possible new standard-setting projects as set out in **Table B** (see pages 20–22) within the area of **audits and reviews** (numbered A. to K.)? Please share your views on the individual topics, including, if relevant, why certain topics may be relatively more important to you, your organization or within your jurisdiction.

*N/A*

5. Do you support the identified possible new standard-setting projects as set out in **Table B** (see pages 20–22) within the area of **sustainability and other assurance engagements** (numbered L. and M.)? **Topic L., Further Standards for Assurance on Sustainability Reporting**, would involve addressing multiple topics (as part of possible



multiple projects). Please provide your views about likely candidate topics for further standards.

*We support the development of standards for assurance on sustainability reporting, as these will support the consistency, comparability and reliability of sustainability-related information provided to the market and thus enhance its quality. Regarding likely candidate topics for specific standards beyond the overarching one, we suggest strong stakeholder engagement to inform prioritisation. We anticipate the assessment of materiality to be particularly challenging for the purpose of sustainability reporting, but encourage the IAASB to closely engage with preparers, assurance providers and other stakeholders to evaluate which specific topic, if any, would most benefit from a specific project and standard. A sensible approach could be to first evaluate the market response, adoption and implementation of the overarching sustainability assurance standard ISSA 5000, as this would facilitate assessment of which specific aspects of the sustainability assurance engagement might need more granular requirements.*

6. Are there other topics that we should consider as new standard-setting projects? If so, please indicate whether any such topics are more important than the topics identified in **Table B** (see pages 20–22), and the needs and interests that would be served by undertaking work on such topic(s).

N/A

7. Our proposed Strategy and Work Plan emphasizes the importance of close coordination with our sister-Board, IESBA. What are your views about whether and, if so, how coordination could be enhanced in terms of opportunities for joint or complementary actions that would better serve the public interest? Suggestions could entail standard-setting work, engagement with stakeholder groups, and improved ways of working, among others.

N/A

8. Are there any other matters that we should consider in finalizing our Strategy and Work Plan?

*Regarding first time implementation guidance, we underline the importance for the Board to be proactive in identifying the latter's need in relation to a specific new standard. This guidance can be very important for practitioners to get familiar with new requirements, and a flexible but proactive approach to its development would best serve the audit and assurance community. The Board could be guided for instance by an assessment of whether implementation is likely to raise any contentious issue or result in inconsistent practices. Moreover, beyond the important standard setting work, it is crucial for the IAASB to focus on capacity building for auditors and other assurance practitioners, whether professional accountants or not. This is likely to be particularly necessary in the less mature and quickly evolving field of sustainability assurance. Capacity building and implementation of the overarching ISSA 5000 standard would be beneficial before the IAASB embarks on specific projects to develop specific sustainability assurance standards to complement it, as we expressed in our response to question 5 above.*