PART 5-SECTION 410

FEES

Introduction

410.1 Firms are required to comply with the fundamental principles, be independent and apply the conceptual framework set out in Section 120 to identify, evaluate and address threats to independence.

410.2 Section 330 sets out application material relevant to applying the conceptual framework where the level and nature of fee and other remuneration arrangements might create a self-interest threat to compliance with one or more of the fundamental principles. This section sets out specific requirements and application material relevant to applying the conceptual framework to identify, evaluate and address threats to independence arising from fees charged to audit sustainability assurance clients.

Requirements and Application Material

General

410.3 A1 Fees for professional services are usually negotiated with and paid by an audit sustainability assurance client and might create threats to independence. This practice is generally recognized and accepted by intended users of financial statements sustainability information.

410.3 A2 When the audit sustainability assurance client is a public interest entity, stakeholders have heightened expectations regarding the firm’s independence. As transparency can serve to better inform the views and decisions of those charged with governance and a wide range of stakeholders, this section provides for disclosure of fee-related information to both those charged with governance and stakeholders more generally for audit sustainability assurance clients that are public interest entities.

410.3 A3 For the purposes of this section, audit fees comprise fees or other types of remuneration for an audit or review of financial statements. Sustainability assurance fees comprise fees or other types of remuneration for a sustainability assurance engagement. Where reference is made to the fee for the audit of the financial statements, this does not include any fee for an audit of special purpose financial statements or a review of financial statements. (Ref: Para. R410.23(a), 410.25 A1 and R410.31(a))

Fees Paid by an Audit Sustainability Assurance Client

410.4 A1 When fees are negotiated with and paid by an audit sustainability assurance client, this creates a self-interest threat and might create an intimidation threat to independence.

410.4 A2 The application of the conceptual framework requires that before a firm or network firm accepts an audit sustainability assurance engagement or any other engagement for an audit sustainability assurance client, the firm determines whether the threats to independence created by the fees proposed to the client are at an acceptable level. The application of the conceptual framework also requires the firm to re-evaluate such threats when facts and circumstances change during the engagement period for the audit sustainability assurance engagement.

410.4 A3 Factors that are relevant in evaluating the level of threats created when fees for an audit sustainability assurance engagement, or any other engagement, are paid by the audit sustainability assurance engagement.
sustainability assurance client include:

- The level of the fees and the extent to which they have regard to the resources required, taking into account the firm’s commercial and market priorities.

- Any linkage between fees for the audit-sustainability assurance engagement and those for services other than audit-sustainability assurance and the relative size of both elements.

- The extent of any dependency between the level of the fee for, and the outcome of, the service.

- Whether the fee is for services to be provided by the firm or a network firm.

- The level of the fee in the context of the service to be provided by the firm or a network firm.

- The operating structure and the compensation arrangements of the firm and network firms.

- The significance of the client, or a third party referring the client, to the firm, network firm, partner engagement leader or office.

- The nature of the client, for example whether the client is a public interest entity.

- The relationship of the client to the related entities to which the services other than audit-sustainability assurance are provided, for example when the related entity is a sister entity.

- The involvement of those charged with governance in appointing the auditor firm providing the sustainability assurance service and agreeing fees, and the apparent emphasis they and client management place on the quality of the audit-sustainability assurance engagement and the overall level of the fees.

- Whether the level of the fee is set by an independent third party, such as a regulatory body.

- Whether the quality of the firm’s audit-sustainability assurance work is subject to the review of an independent third party, such as an oversight body.

410.4 A4 The conditions, policies and procedures described in paragraph 120.15 A3 (particularly a system of quality management designed and implemented by the firm in accordance with quality management standards issued by the IAASB) might also impact the evaluation of whether the threats to independence are at an acceptable level.

410.4 A5 The requirements and application material that follow identify circumstances which might need to be further evaluated when determining whether the threats are at an acceptable level. For those circumstances, application material includes examples of additional factors that might be relevant in evaluating the threats.

Level of Audit Sustainability Assurance Fees

410.5 A1 Determining the fees to be charged to an audit sustainability assurance client, whether for audit sustainability assurance or other services, is a business decision of the firm taking into account the facts and circumstances relevant to that specific engagement, including the requirements of technical and professional standards.
410.5 A2  Factors that are relevant in evaluating the level of self-interest and intimidation threats created by the level of the audit sustainability assurance fee paid by the audit sustainability assurance client include:

- The firm’s commercial rationale for the audit sustainability assurance fee.
- Whether undue pressure has been, or is being, applied by the client to reduce the audit sustainability assurance fee.

410.5 A3  Examples of actions that might be safeguards to address such threats include:

- Having an appropriate reviewer who does not take part in the audit sustainability assurance engagement assess the reasonableness of the fee proposed, having regard to the scope and complexity of the engagement.
- Having an appropriate reviewer who did not take part in the audit sustainability assurance engagement review the work performed.

Impact of Other Services Provided to an Audit Sustainability Assurance Client

R410.6  Subject to paragraph R410.7, a firm shall not allow the audit sustainability assurance fee to be influenced by the provision of services other than audit sustainability assurance to an audit sustainability assurance client by the firm or a network firm.

410.6 A1  The audit sustainability assurance fee ordinarily reflects a combination of matters, such as those identified in paragraph 410.23 A1. However, the provision of other services to an audit sustainability assurance client is not an appropriate consideration in determining the audit sustainability assurance fee.

R410.7  As an exception to paragraph R410.6, when determining the audit sustainability assurance fee, the firm may take into consideration the cost savings achieved as a result of experience derived from the provision of services other than audit sustainability assurance to an audit sustainability assurance client.

Contingent Fees

410.8 A1  Contingent fees are fees calculated on a predetermined basis relating to the outcome of a transaction or the result of the services performed. A contingent fee charged through an intermediary is an example of an indirect contingent fee. In this section, a fee is not regarded as being contingent if established by a court or other public authority.

R410.9  A firm shall not charge directly or indirectly a contingent fee for an audit sustainability assurance engagement.

R410.10  A firm or network firm shall not charge directly or indirectly a contingent fee for a non-assurance service provided to an audit sustainability assurance client, if:

(a) The fee is charged by the firm expressing the opinion on the financial statements sustainability information and the fee is material or expected to be material to that firm;

(b) The fee is charged by a network firm that participates in a significant part of the audit sustainability assurance engagement and the fee is material or expected to be material to that firm; or

(c) The outcome of the non-assurance service, and therefore the amount of the fee, is dependent on a future or contemporary judgment related to the audit of a material
amount in the financial statements, assurance of material information in the sustainability information on which the firm will express an opinion.

410.10 A1 Paragraphs R410.9 and R410.10 preclude a firm or a network firm from entering into certain contingent fee arrangements with an audit sustainability assurance client. Even if a contingent fee arrangement is not precluded when providing a non-assurance service to an audit sustainability assurance client, it might still impact the level of the self-interest threat.

410.10 A2 Factors that are relevant in evaluating the level of such a threat include:

- The range of possible fee amounts.
- Whether an appropriate authority determines the outcome on which the contingent fee depends.
- Disclosure to intended users of the work performed by the firm and the basis of remuneration.
- The nature of the service.
- The effect of the event or transaction on the financial statements, sustainability information on which the firm will express an opinion.

410.10 A3 Examples of actions that might be safeguards to address such a self-interest threat include:

- Having an appropriate reviewer who was not involved in performing the non-assurance service review the work performed.
- Obtaining an advance written agreement with the client on the basis of remuneration.

Total Fees – Proportion of Fees for Services Other than Audit Sustainability Assurance to Audit Sustainability Assurance Fee

410.11 A1 Where a firm performs both audit and sustainability assurance engagements for a sustainability assurance client, paragraphs 410.11 A1 to 410.11 A3 in Part 4A apply in the context of the fees charged by the firm and network firms to the sustainability assurance client. Where the firm is not also the client’s auditor, paragraphs 410.11 A2-A4 apply.

Matters for Consideration

Proportion of Fees for Services Other than Sustainability Assurance to Sustainability Assurance Fee

The Task Force believes that the proportion of fees for services other than sustainability assurance to fees for the sustainability assurance engagement could impact the level of self-interest threats, similar to the considerations for audit engagements. (See paragraph 410.11 A2.)

However, if the sustainability assurance client is also an audit client and receives fees for the audit engagement, the Task Force is of the view that the firm should consider the level of the threats created by the proportion of fees for services other than audit to the audit fee in accordance with Section 410 in Part 4A. (See paragraph 410.11 A1.)

For circumstances where the firm is not also the auditor, the assessment that needs to occur in accordance with Part 5 is to consider the level of the threats created by the proportion of fees for sustainability-related or other NAS to the fee for the sustainability assurance engagement.

The illustration below explains the determination of the proportion of fees depending on whether the
sustainability assurance client is an audit client (Part 4A) or not (Part 5):

<table>
<thead>
<tr>
<th>Type of Services Provided to Client</th>
<th>Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit</td>
<td>30,000</td>
</tr>
<tr>
<td>Sustainability Assurance</td>
<td>10,000</td>
</tr>
<tr>
<td>Sustainability-related NAS</td>
<td>2,000</td>
</tr>
<tr>
<td>Other NAS</td>
<td>4,000</td>
</tr>
</tbody>
</table>

Do IESBA members agree with the Task Force’s proposals regarding the evaluation of the level of threats created by the proportion of fees received from a sustainability assurance client?

410.11 A24 The level of the self-interest threat might be impacted when a large proportion of fees charged by the firm or network firms to an audit sustainability assurance client is generated by providing services other than audit sustainability assurance to the client, due to concerns about the potential loss of either the audit sustainability assurance engagement or other services. Such circumstances might also create an intimidation threat. A further consideration is a perception that the firm or network firm focuses on the non-audit non-sustainability assurance relationship, which might create a threat to the auditor’s sustainability assurance provider’s independence.

410.11 A32 Factors that are relevant in evaluating the level of such threats include:

- The ratio of fees for services other than audit sustainability assurance to the audit sustainability assurance fee.
- The length of time during which a large proportion of fees for services other than audit sustainability assurance to the audit sustainability assurance fee has existed.
- The nature, scope and purposes of the services other than audit sustainability assurance, including:
Whether they are recurring services.

Whether law or regulation mandates the services to be performed by the firm.

410.11 A43 Examples of actions that might be safeguards to address such self-interest or intimidation threats include:

- Having an appropriate reviewer who was not involved in the audit sustainability assurance engagement or the service other than audit sustainability assurance review the relevant audit sustainability assurance work.
- Reducing the extent of services other than audit sustainability assurance provided to the audit sustainability assurance client.

Total Fees – Overdue Fees

410.12 A1 The level of the self-interest threat might be impacted if fees payable by an audit sustainability assurance client for the audit sustainability assurance engagement or services other than audit sustainability assurance are overdue during the period of the audit sustainability assurance engagement.

410.12 A2 It is generally expected that the firm will obtain payment of such fees before the audit sustainability assurance report is issued.

410.12 A3 Factors that are relevant in evaluating the level of such a self-interest threat include:

- The significance of the overdue fees to the firm.
- The length of time the fees have been overdue.
- The firm’s assessment of the ability and willingness of the audit sustainability assurance client to pay the overdue fees.

410.12 A4 Examples of actions that might be safeguards to address such a threat include:

- Obtaining partial payment of overdue fees.
- Having an appropriate reviewer who did not take part in the audit sustainability assurance engagement review the audit sustainability assurance work.

R410.13 When a significant part of the fees due from an audit sustainability assurance client remains unpaid for a long time, the firm shall determine:

(a) Whether the overdue fees might be equivalent to a loan to the client, in which case the requirements and application material set out in section 511 are applicable; and

(b) Whether it is appropriate for the firm to be re-appointed or continue the audit sustainability assurance engagement.

Total Fees – Fee Dependency

All Audit Sustainability Assurance Clients

410.14 A1 When the total fees generated from an audit sustainability assurance client by the firm expressing the audit sustainability assurance opinion represent a large proportion of the total fees of that firm, the dependence on, and concern about the potential loss of, fees from audit sustainability assurance and other services from that client impact the level of the self-interest threat and create an intimidation threat.
410.14 A2 In calculating the total fees of the firm, the firm might use financial information available from
the previous financial year and estimate the proportion based on that information if
appropriate.

410.14 A3 Factors that are relevant in evaluating the level of such self-interest and intimidation threats
include:

- The operating structure of the firm.
- Whether the firm is expected to diversify such that any dependence on the audit
  sustainability assurance client is reduced.

410.14 A4 Examples of actions that might be safeguards to address such threats include:

- Having an appropriate reviewer who is not a member of the firm review the audit
  sustainability assurance work.
- Reducing the extent of services other than audit sustainability assurance provided to
  the audit sustainability assurance client.
- Increasing the client base of the firm to reduce dependence on the client.
- Increasing the extent of services provided to other clients.

410.14 A5 A self-interest or intimidation threat is created when the fees generated by a firm from an
audit sustainability assurance client represent a large proportion of the revenue of one
partner engagement leader or one office of the firm.

410.14 A6 Factors that are relevant in evaluating the level of such threats include:

- The qualitative and quantitative significance of the audit sustainability assurance client
to the partner engagement leader or office.
- The extent to which the compensation of the partner engagement leader, or the
  partners service leaders in the office, is dependent upon the fees generated from the
  client.

410.14 A7 Examples of actions that might be safeguards to address such self-interest or intimidation
threats include:

- Having an appropriate reviewer who was not involved in the audit sustainability
  assurance engagement review the audit sustainability assurance work.
- Ensuring that the compensation of the partner engagement leader is not significantly
  influenced by the fees generated from the client.
- Reducing the extent of services other than audit sustainability assurance provided by
  the partner engagement leader or office to the audit sustainability assurance client.
- Increasing the client base of the partner engagement leader or the office to reduce
dependence on the client.
- Increasing the extent of services provided by the partner engagement leader or the
  office to other clients.

Audit Sustainability Assurance Clients that are Not Public Interest Entities

R410.15 When for each of five consecutive years total fees from an audit sustainability assurance
client that is not a public interest entity represent, or are likely to represent, more than 30%
of the total fees received by the firm, the firm shall determine whether either of the following actions might be a safeguard to reduce the threats created to an acceptable level, and if so, apply it:

(a) Prior to the audit-assurance opinion being issued on the fifth year’s financial statements sustainability information, have a professional accountant sustainability assurance practitioner, who is not a member of the firm expressing the opinion on the financial statements sustainability information, review the fifth year’s audit sustainability assurance work; or

(b) After the audit-assurance opinion on the fifth year’s financial statements sustainability information has been issued, and before the audit-assurance opinion is issued on the sixth year’s financial statements sustainability information, have a professional accountant sustainability assurance practitioner, who is not a member of the firm expressing the opinion on the financial statements sustainability information, or a professional body review the fifth year’s audit sustainability assurance work.

R410.16 If the total fees described in paragraph R410.15 continue to exceed 30%, the firm shall each year determine whether either of the actions in paragraph R410.15 applied to the relevant year’s engagement might be a safeguard to address the threats created by the total fees received by the firm from the client, and if so, apply it.

R410.17 When two or more firms are engaged to conduct an audit sustainability assurance engagement with respect to of the client’s financial statements sustainability information, the involvement of the other firm in the audit sustainability assurance engagement may be regarded each year as an action equivalent to that in paragraph R410.15 (a), if:

(a) The circumstances addressed by paragraph R410.15 apply to only one of the firms expressing the audit-assurance opinion; and

(b) Each firm performs sufficient work to take full individual responsibility for the audit assurance opinion.

AuditSustainability Assurance Clients that are Public Interest Entities

R410.18 When for each of two consecutive years the total fees from an audit sustainability assurance client that is a public interest entity represent, or are likely to represent, more than 15% of the total fees received by the firm, the firm shall determine whether, prior to the audit assurance opinion being issued on the second year’s financial statements sustainability information, a review, consistent with the objective of an engagement quality review, performed by a professional accountant sustainability assurance practitioner who is not a member of the firm expressing the opinion on the financial statements sustainability information (“pre-issuance review”) might be a safeguard to reduce the threats to an acceptable level, and if so, apply it.

R410.19 When two or more firms are engaged to conduct an audit sustainability assurance engagement with respect to of the client’s financial statements sustainability information, the involvement of the other firm in the audit sustainability assurance engagement may be regarded each year as an action equivalent to that in paragraph R410.18, if:

(a) The circumstances addressed by paragraph R410.18 apply to only one of the firms expressing the audit-assurance opinion; and

(b) Each firm performs sufficient work to take full individual responsibility for the audit
assurance opinion.

R410.20 Subject to paragraph R410.21, if the circumstances described in paragraph R410.18 continue for five consecutive years, the firm shall cease to be the auditor-sustainability assurance provider after the audit-assurance opinion for the fifth year is issued.

R410.21 As an exception to paragraph R410.20, the firm may continue to be the auditor-sustainability assurance provider after five consecutive years if there is a compelling reason to do so having regard to the public interest, provided that:

(a) The firm consults with a regulatory or professional body in the relevant jurisdiction and it concurs that having the firm continue to provide the auditor-sustainability assurance service would be in the public interest; and

(b) Before the audit-assurance opinion on the sixth and any subsequent year’s financial statements sustainability information is issued, the firm engages a professional accountant sustainability assurance practitioner, who is not a member of the firm expressing the opinion on the financial statements sustainability information, to perform a pre-issuance review.

410.21 A1 A factor which might give rise to a compelling reason is the lack of viable alternative firms to carry out the audit-sustainability assurance engagement, having regard to the nature and location of the client’s business.

Transparency of Information Regarding Fees for Audit/Sustainability Assurance Clients that are Public Interest Entities

Communication About Fee-related Information with Those Charged with Governance

410.22 A1 Communication by the firm of fee-related information (for both audit sustainability assurance and services other than audit sustainability assurance) with those charged with governance assists in their assessment of the firm’s independence. Effective communication in this regard also allows for a two-way open exchange of views and information about, for example, the expectations that those charged with governance might have regarding the scope and extent of audit sustainability assurance work and impact on the audit sustainability assurance fee.

Fees for the Audit of the Financial Statements Sustainability Assurance Engagement

R410.23 Subject to paragraph R410.24, the firm shall communicate in a timely manner with those charged with governance of an audit sustainability assurance client that is a public interest entity:

(a) Fees paid or payable to the firm or network firms for the audit of the financial statements on which the firm expresses an opinion sustainability assurance engagement; and

(b) Whether the threats created by the level of those fees are at an acceptable level, and if not, any actions the firm has taken or proposes to take to reduce such threats to an acceptable level.

410.23 A1 The objective of such communication is to provide the background and context to the fees for the audit of the financial statements on which the firm expresses an opinion sustainability assurance engagement to enable those charged with governance to consider the independence of the firm. The nature and extent of matters to be communicated will depend on the facts and circumstances and might include for example:
• Considerations affecting the level of the fees such as:
  o The scale, complexity and geographic spread of the audit sustainability assurance client’s operations.
  o The time spent or expected to be spent commensurate with the scope and complexity of the audit sustainability assurance engagement.
  o The cost of other resources utilized or expended in performing the audit sustainability assurance engagement.
  o The quality of record keeping and processes for financial statements sustainability information preparation.
  o Adjustments to the fees quoted or charged during the period of the audit sustainability assurance engagement, and the reasons for any such adjustments.
  o Changes to laws and regulations and professional standards relevant to the audit sustainability assurance engagement that impacted the fees.

410.23 A2 The firm is encouraged to provide such information as soon as practicable and communicate proposed adjustments as appropriate.

R410.24 As an exception to paragraph R410.23, the firm may determine not to communicate the information set out in paragraph R410.23 to those charged with governance of an entity that is (directly or indirectly) wholly-owned by another public interest entity provided that:

(a) The entity is consolidated into group financial statements sustainability information prepared by that other public interest entity; and

(b) The firm or a network firm expresses an opinion on those group financial statements that group sustainability information.

Fees for Other Services

R410.25 Subject to paragraph R410.27, the firm shall communicate in a timely manner with those charged with governance of an audit sustainability assurance client that is a public interest entity:

(a) The fees, other than those disclosed under paragraph R410.23 (a), charged to the client for the provision of services by the firm or a network firm during the period covered by the financial statements sustainability information on which the firm expresses an opinion. For this purpose, such fees shall only include fees charged to the client and its related entities over which the client has direct or indirect control that are consolidated in the financial statements sustainability information on which the firm will express an opinion; and

(b) As set out in paragraph 410.11 A1, where the firm has identified that there is an impact on the level of the self-interest threat or that there is an intimidation threat to independence created by the proportion of fees for services other than audit sustainability assurance relative to the audit sustainability assurance fee:

(i) Whether such threats are at an acceptable level; and

(ii) If not, any actions that the firm has taken or proposes to take to reduce such threats to an acceptable level.
410.25 A1  The objective of such communication is to provide the background and context to the fees for other services to enable those charged with governance to consider the independence of the firm. The nature and extent of matters to be communicated will depend on the facts and circumstances and might include for example:

- The amount of fees for other services that are required by law or regulation.
- The nature of other services provided and their associated fees.
- Information on the nature of the services provided under a general policy approved by those charged with governance and associated fees.
- The proportion of fees referred to in paragraph R410.25(a) to the aggregate of the fees charged by the firm and network firms for the audit of the financial statements on which the firm expresses an opinion sustainability assurance engagement.

R410.26  The firm shall include in the communication required by paragraph R410.25(a) the fees, other than those disclosed under paragraph R410.23(a), charged to any other related entities over which the audit sustainability assurance client has direct or indirect control for the provision of services by the firm or a network firm, when the firm knows, or has reason to believe, that such fees are relevant to the evaluation of the firm's independence.

410.26 A1  Factors the firm might consider when determining whether the fees, other than those disclosed under paragraph R410.23(a), charged to such other related entities, individually and in the aggregate, for the provision of services by the firm or a network firm are relevant to the evaluation of the firm’s independence include:

- The extent of the audit sustainability assurance client’s involvement in the appointment of the firm or network firm for the provision of such services, including the negotiation of fees.
- The significance of the fees paid by the other related entities to the firm or a network firm.
- The proportion of fees from the other related entities to the fees paid by the client.

R410.27  As an exception to paragraph R410.25, the firm may determine not to communicate the information set out in paragraph R410.25 to those charged with governance of an entity that is (directly or indirectly) wholly-owned by another public interest entity provided that:

(a)  The entity’s sustainability information is consolidated into group financial statements sustainability information prepared by that other public interest entity; and
(b)  The firm or a network firm expresses an opinion on those group financial statements sustainability information.

Fee Dependency

R410.28  Where the total fees from an audit sustainability assurance client that is a public interest entity represent, or are likely to represent, more than 15% of the total fees received by the firm, the firm shall communicate with those charged with governance:

(a)  That fact and whether this situation is likely to continue; and
(b)  The safeguards applied to address the threats created, including, where relevant, the use of a pre-issuance review (Ref: Para R410.18); and
(c) Any proposal to continue to provide as the auditor sustainability assurance services to the client under paragraph R410.21.

Public Disclosure of Fee-related Information

410.29 A1 In view of the public interest in the audit assurance of sustainability information of issued by public interest entities, it is beneficial for stakeholders to have visibility about the professional relationships between the firm and the audit-sustainability assurance client which might reasonably be thought to be relevant to the evaluation of the firm’s independence. In a wide number of jurisdictions, there already exist requirements regarding the disclosure of fees by an audit client for both audit and services other than audit paid and payable to the firm and network firms. Such disclosures often require the disaggregation of fees for services other than audit into different categories.

R410.30 If laws and regulations do not require an audit sustainability assurance client to disclose audit sustainability assurance fees, fees for services other than audit-sustainability assurance paid or payable to the firm and network firms and information about fee dependency, the firm shall discuss with those charged with governance of an audit-sustainability assurance client that is a public interest entity:

(a) The benefit to the client’s stakeholders of the client making such disclosures that are not required by laws and regulations in a manner deemed appropriate, taking into account the timing and accessibility of the information; and

(b) The information that might enhance the users’ understanding of the fees paid or payable and their impact on the firm’s independence.

410.30 A1 Examples of information relating to fees that might enhance the users’ understanding of the fees paid or payable and their impact on the firm’s independence include:

- Comparative information of the prior year’s fees for audit-sustainability assurance and services other than audit-sustainability assurance.
- The nature of services and their associated fees as disclosed under paragraph R410.31(b).
- Safeguards applied when the total fees from the client represent or are likely to represent more than 15% of the total fees received by the firm.

R410.31 After the discussion with those charged with governance as set out in paragraph R410.30, to the extent that the audit-sustainability assurance client that is a public interest entity does not make the relevant disclosure, subject to paragraph R410.32, the firm shall publicly disclose:

(a) Fees paid or payable to the firm and network firms for the audit of the financial statements on which the firm expresses an opinion sustainability assurance engagement;

(b) Fees, other than those disclosed under (a), charged to the client for the provision of services by the firm or a network firm during the period covered by the financial statements sustainability information on which the firm expresses an opinion. For this purpose, such fees shall only include fees charged to the client and its related entities over which the client has direct or indirect control that are where the sustainability information of those entities is consolidated in the financial statements sustainability information on which the firm will express an opinion;
(c) Any fees, other than those disclosed under (a) and (b), charged to any other related entities over which the audit sustainability assurance client has direct or indirect control for the provision of services by the firm or a network firm when the firm knows, or has reason to believe, that such fees are relevant to the evaluation of the firm’s independence; and

(d) If applicable, the fact that the total fees received by the firm from the audit sustainability assurance client represent, or are likely to represent, more than 15% of the total fees received by the firm for two consecutive years, and the year that this situation first arose.

410.31 A1 The firm might also disclose other information relating to fees that will enhance the users’ understanding of the fees paid or payable and the firm’s independence, such as the examples described in paragraph 410.30 A1.

410.31 A2 Factors the firm might consider when making the determination required by paragraph R410.31(c) are set out in paragraph 410.26 A1.

410.31 A3 When disclosing fee-related information in compliance with paragraph R410.31, the firm might disclose the information in a manner deemed appropriate taking into account the timing and accessibility of the information to stakeholders, for example:

- On the firm’s website.
- In the firm’s transparency report.
- In an audit sustainability assurance quality report.
- Through targeted communication to specific stakeholders, for example a letter to the shareholders.
- In the auditor’s sustainability assurance report.

R410.32 As an exception to paragraph R410.31, the firm may determine not to publicly disclose the information set out in paragraph R410.31 relating to:

(a) A parent entity that also prepares group financial statements sustainability information provided that the firm or a network firm expresses an opinion on the group financial statements sustainability information; or

(b) An entity (directly or indirectly) wholly-owned by another public interest entity provided that:

(i) The entity’s sustainability information is consolidated into group financial statements sustainability information prepared by that other public interest entity; and

(ii) The firm or a network firm expresses an opinion on those group financial statements sustainability information.

Considerations for Review Clients

R410.33 This section sets out requirements for a firm to communicate fee-related information of an audit client that is a public interest entity and to disclose publicly fee-related information to the extent that the client does not disclose such information. As an exception to those requirements, the firm may determine not to communicate or pursue disclosure of such information where a review client is not also an audit client.