

IESBA Strategy and Work Plan 2024 – 2027**SWP – Reference Material – NVivo Respondent Summary Analysis****Consultation Paper Q2:**

Do you agree with IESBA's Proposed Strategic Themes and Proposed Strategic Actions?

1. Monitoring Group**International Forum of Independent Audit Regulators (IFIAR)**

The Code should be clear and enforceable to support consistent application. The Code should incorporate provisions required to ensure appropriate and consistent auditor behaviour: this means, for IESBA, to articulate clear ethical principles, along with clearly linked requirements, to promote better ethical behaviours and outcomes.

IFIAR welcomes the recognition, by IESBA, of the need to work closely with regulators and oversight bodies, and encourages IESBA to consider enforcement challenges and perspectives when drafting its standards. Addressing the needs for clarity and challenges faced by enforcers in their duty to sanction inappropriate behaviour will indeed be key to increase the acceptance of the Code.

IFIAR welcomes broader outreach to assurance providers outside of the accounting profession, it is unclear however, from the Consultation Paper, which actions will be undertaken by IESBA to promote the use of IESBA pronouncements related to sustainability reporting and/or associated assurance by other assurance services providers outside of the accounting profession.

Regarding the proposals included in the consultation, we would like to reiterate the importance of focusing on the expected outcomes associated with the proposed projects and initiatives. To this end, a further consideration by IESBA of the need to add prohibitions to the threats and safeguards approach regarding non-audit services would be expected.

We are supportive of the current project on the use of external experts. A global standard on ethics and independence that expands beyond accountants is becoming increasingly important due to the number of experts that are necessary to support both preparers and auditors of financial statements. The use of external experts is expected to continue to increase with the development of sustainability reporting and assurance standards

Outcomes/Deliverables

IESBA should remain committed, whenever possible without impeding quality, to projects being finalized within the expected time frame. Moreover, as transparency in the process of finalization of new standards remains a key point, we would encourage IESBA to inform the public of any changes to priorities and/or timelines.

International Organization of Securities Commissions (IOSCO)

We acknowledge that the Board has made positive steps towards enhancing the International Code of Ethics for Professional Accountants, including International Independence Standards (the Code). However, in light of recent corporate and audit firm failures, we believe the Board should intensify its efforts on enhancing the quality and clarity of the Code (e.g., more clearly distinguishing requirements applicable to

entities that are public interest entities (PIEs) vs. those that are not), which can have the added effect of making the Code more appealing to potential adopters and increasing the Code's acceptance worldwide. We encourage the Board to continue to pursue projects that will strengthen the Code for audit engagements and believe this should be a top ongoing priority of the Board.

2. Regulators and Audit Oversight Authorities

Committee of European Auditing Oversight Bodies (CEAOB)

General comments

Clarity and enforceability

1. The CEAOB consistently encourages IESBA to enhance the quality, clarity and enforceability of the Code, even though existing legal ethical rules or provisions in force at the national level in EU and EEA members states will continue to supersede those of the Code.
2. The CEAOB continues to believe that the Code should be clear and enforceable and allow for audits to be performed on a consistent basis. The Code should incorporate provisions required to ensure appropriate and consistent auditor behaviour: this means that the IESBA should include clear ethical principles along with clear requirements, to promote better ethical behaviour and outcomes.

Engagement with regulators and a wide range of stakeholders

3. The CEAOB welcomes IESBA's recognition of the need to work closely with regulators and oversight bodies, and encourages the IESBA to consider enforcement challenges and perspectives when drafting its standards, (ref. par. 21 CP). Addressing needs for clarity and challenges faced by enforcement authorities in their duty to sanction inappropriate behaviour will indeed be key to increasing the acceptance and use of the standards.
4. The CEAOB welcomes initiatives to reach out to a wide range of stakeholders even outside the accounting profession. In particular, new audiences like external assurance service providers on sustainability reporting should be added to IESBA's targets. The CEAOB also welcomes further involvement of investors and those charged with governance (ref. par. 42 CP) as the CEAOB is of the view that involving those communities will be pivotal to understand their specific needs and challenges.
5. Another key factor that has been acknowledged by the IESBA is that assurance engagements are already being performed by providers who are independent of the audit profession. The CEAOB emphasizes that understanding the ethical frameworks those assurance providers use in their work and getting their input on the IESBA's standards for sustainability will be a matter of utmost importance in promoting their globally accepted application.
6. In addition, it is unclear to the CEAOB, from the CP, which actions will be undertaken by the IESBA to promote the use, by other assurance services providers outside the accounting profession of the IESBA pronouncement related to sustainability reporting and/or associated assurance.

Coordination with other standards setters

7. The CEAOB supports the coordination efforts among standard-setting organisations relevant to auditing. Of particular importance is IESBA's objective to align the Code with the international standards of the International Auditing and Assurance Standards Board (IAASB) to promote

consistency and interoperability. Coordination of timetables will be of most relevance, especially on sustainability, to implement provisions related to assurance on sustainability reporting.

8. Reaching out not only to assurance services providers but also to professional standards setters or bodies issuing professional guides and standards might also be beneficial to facilitate further use of the IESBA pronouncements on ethics for sustainability assurance by this new audience.
9. The CEAOB stresses however that the applicable sustainability reporting standards applicable according to European Union law will be those adopted by the European Commission, following EFRAG advice. The International Sustainability Standards Board (ISSB) pronouncements will not be the only basis for sustainability reporting standards worldwide. Thus, while ISSB–IESBA coordination activities are welcome, the CEAOB encourages the IESBA not only to take into consideration in its work the standards developed by the ISSB, but also work by other relevant standards setters in the field of sustainability reporting, especially the work of EFRAG on European Sustainability Reporting Standards (ESRS), to incorporate ESRS specificities (ref. par. 42 CP).

Global acceptance and European expectations

10. The CEAOB warns the IESBA regarding the risks associated with the objective of achieving global acceptance of the Code. This acceptance should not lead the IESBA to work based on a lowest common denominator approach to maximize acceptance. The CEAOB stresses the importance of enhancing and strengthening the international independence standards to meet the public interest worldwide, including European public expectations and European legal requirements (ref. par. 33 CP).
11. Despite some stakeholders' call for the IESBA to temper the pace of standard-setting and request to focus more on developing non-authoritative material (to assist users in understanding the new provisions and applying them consistently), the CEAOB cautions the IESBA against replacing amendments to the Code by the issuance of non-authoritative material. Such non-authoritative material does not have the same enforceability for regulators and can thus never replace clear and robust standards/Code.

Independent Regulatory Board for Auditors (IRBA)

We agree with the IESBA's Proposed Strategic Themes and Actions, specifically those further detailed below.

The agility of the IESBA on the topic of sustainability is commendable.

The theme on *Strengthening the Code or Responding in Other Ways in Areas Beyond Sustainability Reporting and Assurance* emphasises important focus areas, such as responsiveness to disruptive technologies and a continued focus on strengthening the International Independence Standards. These focus areas, though, could easily warrant individual “strategic pillars”. Strengthening/improving ethical conduct in business and in performing professional services through reinforcing the Code is important to restoring public trust and enabling professional accountants (PAs) to effectively respond to change.

In the context of the pace of artificial intelligence development and its impact on business and the accountancy profession, it is important to place a strategic focus on the ethical challenges created by disruptive technologies that include:

- Ethics considerations with respect to the custody of data;

- Transparency and accountability when using disruptive technologies;
- Pressures faced by PAs in the form of information overload, the pace of change and time pressures that impact the ability to effectively understand and/or assess the reasonableness or appropriateness of using disruptive technologies; and
- Threats to compliance with the fundamental principles created by the emergence of new business relationships between PAs and technology developers.

This also directly addresses the Monitoring Group's recommendation "to foster the development of timely, high-quality standards that respond to an accelerating pace of change".

National Association of State Boards of Accountancy (NASBA)

NASBA agrees with the IESBA's Proposed Strategic Themes and Proposed Strategic Actions. NASBA believes that the key component of education should be added as a proposed strategic action.

United Kingdom Financial Reporting Council (UKFRC)

We agree with the proposed strategic themes and actions, though we query the implied ranking of importance in which they have been set out in the consultation. We strongly agree with the focus on enhancing trust in sustainability reporting and assurance. We also concur with the need to further enhance the diversity of stakeholder perspectives and the global operability and acceptance of the standards issued by IESBA. These actions are a strategic enabler for the Board's work on enhancing trust in sustainability assurance and should be accorded a higher priority than it currently occupies within the consultation. We would also welcome more detail on how the IESBA will achieve this aim. In particular, the extent to which the proposed changes will require time and resource to establish ongoing channels of communication which are beyond the IESBA's traditional stakeholder universe should not be underestimated.

We also question the balance between the proposed strategic action to strengthen the Code or respond in other areas beyond sustainability reporting on the one hand; and widening the influence of the IESBA's standards on the other. In our view, a continued and enhanced focus on adoption and implementation should come before activities aimed at strengthening the Code. As the consultation itself notes, there has been a period of extensive change to the Code over recent years, and we believe that the Board should focus on effective implementation. This is not to say that the IESBA should refrain from further action to strengthen the Code. Instead, such action should only be taken where there is a strong and immediate public interest case for doing so. This approach acknowledges the finite resources at the disposal of the Board, and the strategic importance of delivering appropriate revisions to the Code which will enhance trust in sustainability reporting and assurance.

4. National Auditing Standard Setters

Accounting Professional & Ethics Standards Board (APESB)

APESB support the IESBA's proposed strategic themes and actions identified in the consultation paper, subject to our comments below.

Enhancing Trust in sustainability reporting and assurance

APESB acknowledges the importance of the IESBA's project on enhancing trust in sustainability reporting and assurance.

We note that in September 2022, and again in March 2023, the International Organisation of Securities Commission (IOSCO) encouraged the development of timely and high-quality professional agnostic assurance and ethics (including independence) standards over sustainability-related information.

In a recent review of the public interest issues associated with IESBA projects, the Public Interest Oversight Board (PIOB) have also welcomed the IESBA's consideration of developing professional and ethical standards for sustainability reporting and assurance engagements that apply to all providers of this service.

We are pleased to note that the IESBA is responding to this global regulatory request, and it is in the public interest that all sustainability assurance providers are held to the same high standards of ethics and independence.

We acknowledge the extensive stakeholder engagement being undertaken by IESBA, particularly with organisations such as the International Organization for Standardization (ISO) and AccountAbility, who also issue sustainability assurance standards and sustainability assurance practitioners who follow their respective standards. We support the IESBA continuing this stakeholder engagement as it will help ensure the development of global ethical and independence standards that will result in the release of sustainability-related information that is consistent, comparable and reliable.

As the scope of ethical standards is expanded to sustainability, we believe that ethical standards must first be repositioned as a fundamental requirement for good governance and objective decision-making free of management bias. Accordingly, as ethical standards are needed for good governance, both preparers and assurance providers must adhere to the proposed new ethical requirements for sustainability.

Ethical failures due to Firm leadership and culture

APESB have concerns regarding the firm leadership and culture that have emerged from recent ethical failures in large accounting firms in Australia, the United States of America and Canada. APESB raised these concerns with the IESBA previously in response to the IESBA's Strategy Survey in July 2022, as follows:

Recent examples of significant ethical failures in large firms in Australia, the United States of America and Canada indicate leadership and cultural issues. As these ethical failures have occurred in several major G20 jurisdictions, APESB believes the IESBA has a role to play in determining whether this relates to deficiencies in the IESBA Code or if there is a need for increased awareness, education, training or monitoring. The IESBA, in collaboration with the IAASB, could potentially consider thought leadership activities or guidance material emphasising the firm culture and leadership requirements in the IESBA Code and the IAASB's quality management standards.

In 2023, due to the ethical failings of consultants, the Australian Federal Government established an inquiry into the management and assurance of integrity by consulting services. The inquiry was initiated due to a failure by PwC to maintain confidentiality with respect to consultations on multi-national anti-avoidance tax laws with the Federal Government. This incident has received significant public attention and the focus of the business community in Australia in recent months.

On 21 June 2023, the Committee leading the inquiry released an interim report, [PwC: A calculated breach of trust](#). The report questions the corporate culture at PwC, asking, "...is PwC's internal culture so poor that its senior leadership does not recognise right from wrong, and lacks the capacity to act in an honest, open, and straightforward manner?"

The report then considers that PwC's inability to recognise and address the conflicted position of being a tax agent and providing consulting services on taxation matters to the government, "...speaks to poor corporate culture and a lack of decent governance and accountability."

Another inquiry, which will be held by the Parliamentary Joint Committee on Corporations and Financial Services, into *Ethics and Professional Accountability: Structural Challenges in the Audit, Assurance and Consultancy Industry* was announced on 22 June 2023.

This inquiry will investigate and analyse regulatory, technical and legal settings and broader cultural factors of Australia's major accounting, audit and consultancy firms. The inquiry has identified three specific areas of focus:

1. The global and national firm structures, including the impact on confidence in the advisory and audit assurance market for regulatory supervision and accountability to public and corporate sector clients;
 - The governance obligations that apply to the various structures, including consideration of gaps and international best practice across a range of matters, including entity reporting and transparency, prevailing cultural practices, duties of care and management of conflicts of interest; and
 - Mechanisms available to stakeholders (such as governments, professional standards bodies and regulators) to monitor and sanction misconduct and poor performance, including any gaps and overlaps relating to matters such as coverage of disciplinary bodies, self-reporting policies and practices, interaction with and self-referral to regulatory bodies.

APESB note that the IESBA has referred to a trust crisis and considerations of the cause of this crisis, including audit firm culture, in paragraphs 14 and 15 of the Consultation Paper. However, the identified action in the Consultation Paper focuses on specific ethical matters for sustainability, such as greenwashing. While APESB agree this is important and supports a focus on professional accountants with corporate reporting responsibilities, this fails to address the broader trust crisis in the profession, particularly in large accounting firms.

APESB is of the view a systemic or holistic analysis of the trust crisis must be performed across the broader accounting profession. The ethical failures by large accounting firms over the past few years (e.g., exam cheating – KPMG Australia, EY USA, PwC Canada and breaches of confidentiality – PwC Australia) and the resulting impacts on clients and governments create a detrimental effect on the perception of the accounting profession's standing as ethical, independent and acting in the public interest. In addition, there are other court cases that get less media attention and out of court settlements which also demonstrate unethical behaviour by accountants.

APESB urge the IESBA to consider these profession-wide concerns carefully and include a potential project on the critical importance of firm leadership and culture as part of the new IESBA SWP. The project should consider determining whether ethical failures need to be addressed by strengthening the IESBA Code or if there is a need for increased ethical awareness, education, training, or monitoring of professional accountants (PAs).

APESB also strongly encourages the IESBA to work with the IAASB and consider joint thought leadership activities or guidance material emphasising the firm culture and leadership requirements in the IESBA Code and the IAASB's quality management standards

New Zealand Auditing & Assurance Standard Board (XRB)

We support the IESBA's proposed strategy for 2024-2027 as outlined in section II of the consultation paper.

While supportive of the IESBA's strategic direction, we recognise that there are significant challenges ahead for the IESBA in achieving its strategy. We set out our responses below.

Strategic Theme – Enhancing trust in sustainability reporting and assurance

Strategic action: developing fit-for-purpose profession-agnostic ethics (including independence standards)

We consider that the IESBA needs to clearly articulate what it means by profession agnostic ethics (including independence) standards in the context of its mandate (which is limited to professional accountants) and to clarify who it expects to comply with these standards beyond members of the accounting profession. If the intent is for other professionals to use these standards, we encourage the IESBA to consider if and how other professionals will see themselves in the standard or whether this standard is creating barriers to entry, which would not be in the public interest.

We appreciate that comparing ethical requirements across different professions is not an easy task, and it is not possible to make a statement that one profession's requirements are better or worse than another. However, it is in the public interest for there to be a level playing field and a clear understanding by users of what the requirements are or if they differ because there are multi-disciplinary practitioners providing sustainability assurance.

Strategic action: obtaining the support or endorsement of its new standards from global regulators, oversight bodies and other key jurisdictional bodies

In fulfilling this strategic action, we encourage the IESBA to engage with a broader range of regulatory and oversight bodies than those who oversee financial information. By engaging more broadly with these bodies, the IESBA is more likely to gain greater acceptance of the standards and therefore uptake of their use.

Strategic Theme – Strengthening the Code

Strategic action: progressing and completing projects in a timely manner

We encourage the IESBA to develop performance-based metrics against which the success of its proposed strategic actions can be measured.

How is the IESBA going to achieve its strategic object of completing projects in a timely manner? For example, is the IESBA contemplating using narrow scope amendments (an approach used by the IAASB and other standard setting Boards) to ensure that projects are progressed in a timely manner.

Strategic action: maintaining an ongoing monitoring function relating to technology

With developments in artificial intelligence and other technology evolving at a rapid pace, we support the IESBA's strategic action of maintaining an ongoing monitoring function on technology developments and considering how best to address the public issues identified.

We also support the IESBA's careful consideration of the Technology Working Group's Phase 2 recommendations.

Strategic Theme – Enhancing global operability and acceptance of the IESBA standards

Strategic action: proactively engaging with a broad range of stakeholders

For standards to be globally accepted they should not deter other participants in the market. The IESBA needs to be curious to learn about the ethics and independence standards of other assurance practitioners, taking an inclusive approach, to ensure they can see themselves in the standards.

One way of achieving this will be to ensure its due process is profession agnostic, including non-accountants in the membership of the board and task forces and in broad consultation from the project proposal stage.

Engagement with other standard setters, regulators and oversight bodies outside of those responsible for financial statements will also be important in gaining acceptance of the IESBA's standards. This will ensure that interoperability occurs to the greatest extent possible.

We note the strategic action to 'promote the understanding, acceptance and use of those standards by those independent assurance providers' seems to presume that these other independent assurance providers will apply the requirements developed by the accounting profession. In our experience, that will not necessarily be the case if there has not been adequate engagement from the outset.

5. Accounting Firms

BDO International Limited (BDO)

BDO agrees with the IESBA's Proposed Strategic Themes and Proposed Strategic Actions, as outlined in our response to the [IESBA Strategy Survey 2022](#).

Enhancing trust in sustainability reporting and assurance

BDO agrees that it is important to endeavour to obtain the support or endorsement of its new standards addressing sustainability reporting and assurance from global regulators and oversight bodies and other key jurisdictional bodies.

Strengthening the IESBA Code or responding in other ways in areas beyond sustainability reporting and assurance

BDO agrees that the IESBA should focus on progressing and completing ongoing and new projects in a timely manner in the interest of establishing a global approach to emerging matters.

BDO agrees that the IESBA should continue to monitor and respond to developments on technology, sustainability as well as emerging issues or developments outside of sustainability and technology.

Further enhancing the diversity of stakeholder perspectives and the global operability and acceptance of the IESBA's standards

BDO agrees with all the strategic actions highlighted in the CP, particularly that the IESBA should proactively engage with a broad range of stakeholders, including assurance providers independent of the accountancy profession to seek their input to the IESBA's development of profession-agnostic standards for sustainability assurance.

Widening the influence of the IESBA's standards through a continued focus on adoption and implementation

BDO agrees that it is important to engage in outreach around the world to raise awareness of the importance of ethics to the proper functioning and sustainability of financial markets and economies, and to promote further adoption of the IESBA Code.

Deloitte Touche Tohmatsu Limited (DTTL)

Deloitte Global is generally supportive of the IESBA's Proposed Strategic Themes and Proposed Strategic Actions, however we have the following recommendations for the Board's consideration:

- We strongly support the Board's continued focus on adoption and implementation of the Code. The Board already has a very ambitious standard-setting agenda focused on various aspects of sustainability, and in addition, socializing these standards to encourage adoption by non-practitioners will be particularly time intensive. Deloitte Global urges the Board to complete the projects that are underway and allow sufficient time for implementation prior to embarking on new projects.
- We support enhancing coordination with the IAASB and recommend aligning projects and related timetables as much as possible, so that one standard setter is not "leading" with a requirement or position that may result in conflicts with the standards of the other.

Ernst & Young Global Limited (EY)

Enhancing trust in sustainability reporting and assurance

We fully support the IESBA's continued prioritization of its current Sustainability project. We believe that close coordination with the IAASB on its Sustainability initiatives is critical to enabling effective implementation of the future standards of both Boards (see also our response to question six below). We also believe the development of profession-agnostic ethics and independence standards for sustainability assurance will be of significant benefit to the users of sustainability information. Therefore, we believe it will be important for the IESBA to engage with non-PA providers of sustainability assurance services, regulators and oversight bodies to demonstrate the purpose and benefit of the IESBA's standards, and to encourage acceptance and adoption among non-PA providers. Recognizing the challenges in developing standards to be used by those outside the accountancy profession, we believe the IESBA should allocate sufficient resources, as part of the project, for educating non-PA sustainability assurance providers on the standards and to support adoption of the standards.

Strengthening the Code or responding in other ways in areas beyond sustainability reporting and assurance

We agree with this proposed strategic theme and support the associated strategic actions the IESBA has identified. In particular, we agree that ongoing projects and workstreams listed in Table A of the SWP should remain a focus and priority of the IESBA. With regard to potential new topics, please see our response to question three below.

Further enhancing the diversity of stakeholder perspectives and the global operability and acceptance of the IESBA's standards

We agree with this proposed strategic theme and support the associated strategic actions the IESBA has identified. We agree with the Board's view expressed in the SWP that obtaining and understanding feedback from investors and the corporate governance community, who are often less represented in the

input received on the IESBA's projects and initiatives, is becoming increasingly important. And particularly in light of the efforts around standards for sustainability assurance, it will be important for the IESBA to engage with assurance providers outside of the accountancy profession to seek their input to the IESBA's development of profession-agnostic standards for sustainability assurance, and to promote the understanding, acceptance and use of those standards by those independent assurance providers. In addition to investors and the corporate governance community, we believe it would be beneficial for the IESBA to also pursue focused efforts on obtaining feedback from the private equity industry, sovereign wealth funds, and asset managers.

Widening the influence of the IESBA's standards through a continued focus on adoption and implementation

We agree with this proposed strategic theme and support the associated strategic actions the IESBA has identified. It is in the public interest to have independence standards for audit and assurance that are adopted and consistently applied on a global level. We therefore believe that the IESBA should devote strategic focus on promoting full and timely adoption and effective implementation of the Code. In addition to promoting timely adoption, we believe the IESBA should equally focus on alignment between the Code and local requirements in jurisdictions that report the Code as being adopted. Many of these jurisdictions have made modifications in their adoption of the Code, resulting in global misalignment. We believe it is important for the IESBA to promote the benefit of a globally aligned and consistent standard on independence through stakeholder outreach in those jurisdictions that have not, or have only partially, implemented the Code, or that have supplemented the Code with additional local requirements.

Grant Thornton International Limited (GTIL)

We support the Board's proposals and believe they will enable IFAC in its mission to serve the public interest and allow the Board to achieve its objective of strengthening the IESBA Code (the Code) by continuing to set high-quality standards that will enhance the profession.

GTIL wants to thank the Board for their continued efforts to serve the public interest and acknowledges the challenges they face to set high-quality standards that will enhance the profession.

KPMG IFRG Limited (KPMG)

In general, we agree with the four proposed strategic themes and the proposed strategic actions.

Meyers Norris Penny (MNP LLP)

We agree with IESBA's four strategic themes.

Enhancing trust in sustainability reporting and assurance will be facilitated when all service providers are required to comply with the same ethical and independence standards. This promotes better quality, comparability, and consistency of services between service providers and supports the public in placing the same level of reliance on an assurance report regardless of service provider. In addition, the area of sustainability reporting and assurance is a key talent attractor. Requiring the application of consistent ethical standards across all service providers in this area ensures a level playing field. However, to be successful, there must be the ability for ethics regulatory bodies to enforce and regulate non-PA service providers in this area. Further work will be needed to develop a compliance and inspection regime to ensure a consistent regulatory framework is applied to all service providers.

While we believe the Code can continue to be strengthened in areas beyond sustainability reporting and assurance, we highlight again that the IESBA should be mindful of the pace of change to standards and the capacity of global standard setters to adopt Code changes within their respective jurisdictions.

We fully support that standards should be globally operable and applaud the IESBA's planned efforts in expanding its outreach with other standard setting bodies to influence and encourage the adoption and implementation of the IESBA standards.

Moore Global Limited Network (MGNL)

For the most part, yes and we are pleased to see the focus on sustainability reporting and assurance. However, we are concerned with the concentration on a profession-agnostic Code. Our ethics are what sets our profession apart from the rest of the world. It is our “collective conscience”. By creating a profession-agnostic Code, it may take away from this collective conscience. We also have concerns that many parts of our Code will not be applicable to other professions, such as NOCLAR. It is our suggestion that this be a separate, pared down Code, not meant for professional accountants, and that the standards for sustainability be written into the current Code for professional accountants.

PricewaterhouseCoopers International Limited (PWC)

We concur with the proposed themes and actions, including the near term focus on developing ethical and independence standards for sustainability reporting and assurance given the increasing stakeholder focus on this (theme 1).

That work effort will inevitably consume considerable time and resources, which will have an impact on the ability to pursue other initiatives. Our comments on other potential areas of focus reflect this. The IESBA has finite resources and we recommend that it focuses on those areas of real strategic importance where it can make a real impact and help set appropriate ethical and independence standards for professional accountants (“PAs”), and to promote ethical standards for non-PAs.

In relation to theme 2 (“Strengthening the Code or responding in other ways in areas beyond sustainability reporting and assurance”) we comment as follows:

- We recommend that the Board's focus should be on maintaining and enhancing the “relevance” of the Code, rather than further “strengthening” it (as the latter suggests that the Code is not sufficiently robust today).
- The pace of continued change in the International Independence Standards (“IIS”) places significant burden on member bodies and firms to implement revised standards. We support the recent changes that have been made to the IIS and believe that the Board has established a robust set of independence standards that support audit and assurance quality. We do not see a clear need to continue to make further changes to the IIS, unless significant new concerns emerge and recommend that a period with a stable platform would now be appropriate. Rather than considering yet further changes to the IIS we recommend that the Board focuses its efforts, as needed, on developing guidance to help PAs implement the Code and IIS.
- Furthermore, changes to the Code might result in further divergence of standards around the world. This does not help PAs and may not be in the public interest, due to the increased complexity of compliance and the different impacts on a global corporate and, as such, we encourage the Board to monitor any such developments and to focus on achieving greater convergence, other than when

law or regulation necessitates jurisdictional differences. Discussions with key jurisdictional regulators might help to minimise any divergence.

- We have previously expressed a concern that the continued changes to the Code and IIS risks leaving member bodies behind if they are unable or perhaps unwilling to adopt new Standards. Member bodies and other standard setters have to go through their own local due process (involving other stakeholders such as State Boards) and unless the Board takes them on the journey together there is a growing risk of fragmentation. There is a risk of decreasing adoption of the Code making the work of the Board less, rather than more, relevant. More stringent requirements can be left to local regulators based on their circumstances.
- We agree that it is important to maintain the Code and the IIS in the light of the fast pace of change in the use of and reliance on technology.

Themes 3 and 4: these both play into the sustainability space - if the aspiration is to have non-PAs adopt the code or equivalent for sustainability reporting, then these themes are building blocks to achieve this objective and we concur with the focus on these activities. We call on the board to recognise any potential barriers to adoption by non PAs that may exist in the existing code and have these in mind when drafting the new sustainability content.

RSM International (RSM)

Please refer to our response to question 1. In particular, it is important that the right balance is achieved across those Strategic Themes. For example, we believe that the Strategic Theme *“Strengthening the Code or responding in other ways in areas beyond sustainability reporting and assurance”* should be tempered with the strategic themes relating to global operability and acceptance of the IESBA’s standards. The Strategic Driver, *“Trust Crisis and Other Repercussions from Recurring High-profile Corporate Failures”* would to some degree be addressed if there was a better understanding of the IESBA Code of Ethics and consistency of its application internationally. We are therefore supportive of the strategic actions relating to enhancing the diversity of stakeholder perspectives and widening the influence of the IESBA’s standards through a continued focus on adoption and implementation.

As outlined in the response to Question 1, we suggest that the development of non-authoritative material will help facilitate the adoption and effective implementation. We believe that this should not just be about new or revised standards as the strategic action suggests but should also include the application of the Code to respond to matters such as the ongoing impact of technological transformations.

As outlined in the response to Question 1, we also suggest that there should be strategic actions relating to:

- Striving to facilitate/achieving consistency with the standards of regulatory bodies in the major jurisdictions that have well-established independence standards
- Understanding the reasons why some jurisdictions have not adopted the Code fully so that it can take action to encourage international adoption of the Code
- Considering what action can be taken and how the Code can be amended to allow it to become more understandable to all that are subject to it.

7. Member Bodies and Other Professional Organizations

Accountancy Europe (AE)

Yes, we agree with proposed strategic themes and actions. Global operability and acceptance of the IESBA's standards are crucial.

The IESBA should engage proactively with a wide range of stakeholders, including the global regulatory and oversight community, to seek input throughout different stages of its projects. Stakeholder support will contribute to achieving wider global acceptance of the Code. For certain parts of the Code to be profession-agnostic; supplementing enforcement, education and certification requirements are needed.

It would be very beneficial if IESBA's proposed ethical requirements on tax planning and sustainability were to be adopted by organisations and professions other than that of professional accountants. Although the accountancy profession's role is key in these areas, other factors and professions will also have roles to play.

Developments in sustainability and tax policy are very fast moving and relevant sections of the Code may need to be reviewed frequently to reflect changes in the public opinion and stakeholder expectations, including regulators. To that end, we invite the IESBA to keep the Code, as far as possible, principles-based rather than rules-based. This would reduce the likelihood that the Code becomes obsolete and thus requires frequent and substantial revision as practices mature.

American Institute of Certified Public Accountants Professional Ethics Executive Committee (AICPA)

We agree with IESBA's strategic theme to widen the influence of IESBA's standards through a continued focus on adoption and implementation. The standard setting process continues even after a standard is issued. In that regard, we strongly believe IESBA has a critical leadership role to fill in supporting the effective adoption and implementation of its standards. As such, we encourage IESBA to look beyond its current focus on standard-setting and consider thought leadership pieces or other nonauthoritative material (NAM) to further global operability and effective implementation of the code.

A period of stability is necessary given the numerous code amendments over recent years, some of which are not yet effective. Organizations and firms are expending significant effort to implement the numerous revisions to the code, and additional effort is required to ensure that the standards were implemented properly.

We therefore encourage that future standard-setting efforts be guided by the outcomes of post-implementation reviews, research, and enhanced collaboration. Prioritizing post-implementation reviews of previous significant code changes will allow IESBA to determine whether the objectives of the many revised standards over the last few years have been met and whether additional implementation guidance in particular areas is needed to further global operability and effective implementation. Research that supports IESBA's proposals would enhance credibility and facilitate implementation.

It also would be beneficial for IESBA to enhance collaboration with national standard-setters and other key stakeholders. By collaborating at various stages, IESBA could leverage the expertise and insights of stakeholders to refine scopes, identify potential challenges, and develop more effective standards. It is also crucial for IESBA to seek input from key stakeholders beyond the responses received through comment letters on proposed standards. Though comment letters provide valuable feedback, they may not capture the full range of perspectives or address all potential implications of the proposed standards.

Association of Italian Audit Firms (Assirevi)

Assirevi is grateful for the opportunity allowed by the above-mentioned Consultation Paper and is pleased

to contribute and provide some comments on the project described therein.

Assirevi fully agrees with the IESBA'S vision as stated in the Consultation Paper (i.e. *“To achieve global recognition and acceptance of its ethics (including independence) standards as being a cornerstone to ethical behavior in business and organizations, and to public trust in financial and non-financial information that is fundamental to the proper functioning and sustainability of organizations, financial markets and economies worldwide”*).

Also, we concur with the indication of the “Proposed Strategic Drivers” and “Proposed Strategic Themes” identified in the Consultation Paper.

Association of Chartered Certified Accountants (ACCA)

Yes, we agree with the Proposed Strategic Themes and Proposed Strategic Actions.

Botswana Institute of Chartered Accountants (BICA)

Proposed Strategic themes and actions have taken into consideration the current needs and are therefore relevant.

Chartered Accountants Australia and New Zealand (CA ANZ)

CA ANZ is generally supportive of the IESBA's proposed strategic themes as copied below.

1. Enhancing trust in sustainability reporting and assurance
2. Strengthening the Code or responding in other ways in areas beyond sustainability reporting and assurance
3. Further enhancing the diversity of stakeholder perspectives and the global operability and acceptance of the IESBA's standards
4. Widening the influence of the IESBA's standards through a continued focus on adoption and implementation.

As raised in our response to Question 1, themes 3 and 4 could be simplified in to one strategic theme and category of drivers. Due to the increased significance of reporting and assurance of an entity's sustainability information, we consider strategic theme 1 together with theme 4 to be of critical importance. We note that global adoption and implementation is easier to achieve when the Code is principles based rather than rules based. We therefore encourage the IESBA to remain focused on this approach to standard setting.

We consider the Code to be substantially robust and therefore theme 2 to be the least important theme. In line with our opening comments, we have requested the IESBA provide a period of stability to both PAOs and PAs so that the Code can be embedded in our jurisdictions.

We encourage the IESBA to use this period to pursue opportunities for global recognition of the IESBA Code as the international benchmark for best practice in sustainability assurance reporting.

The Chamber of Auditors of the Czech Republic (CACR)

We agree with IESBA proposal

Certified Professional Accountants Australia (CPAA)

CPA Australia broadly agrees with the proposed Strategic Themes and Proposed Strategic Actions.

While we support the development of fit-for-purpose ethics standards to support sustainability reporting by professional accountants in business (PAIB) and PAPPs, we have some concerns around the development of fit-for-purpose, profession agnostic ethics, including independence, standards to support sustainability assurance.

We believe that the priority should be ensuring the standards meet the needs of professional accountants (PAs) and that developing profession-agnostic standards should not be undertaken at the expense of prioritising the needs of the profession such as supporting PAs to understand and adopt what is in the existing Code.

As previously stated, the volume, pace and number of recent changes is negatively impacting the ability of the profession to adopt and implement such changes. Therefore, we would also recommend ensuring clear evidence-based justification, including root cause analysis of identified issues, within the Code before proposed new revisions or additions.

CPA Australia is pleased to see the specific reference to continuing to engage with SMPs to guide its considerations of proportionality in developing the standards. However, we would encourage IESBA to specifically include SMP considerations throughout the other areas proposed in the workplan to emphasise that SMP considerations are important across all strategic areas.

Chartered Professional Accountants Canada Public Trust Committee PA Canada (CPAC)

The PTC is generally supportive of the Proposed Strategic Themes and Proposed Strategic Actions with our specific comments related to these SWP elements appearing in the answers to Questions 3 through 7.

Hong Kong Institute of Certified Public Accountants (HKICPA)

We consider the IESBA has appropriately identified the strategic drivers (pages 7-11) and the strategic themes and actions (pages 11-15) based on relevant trends and developments which provide a reasonable basis for the IESBA to shape its proposed strategy and work plan. For example, the IESBA recognizes supporting the effective implementation of its standards as one of the strategic drivers. In this connection, we find the database of public interest entity (PIE) definitions by jurisdiction and the Q&As – revisions to the definitions of listed entity and PIE in the Code recently released by the IESBA are of significant value to promote awareness and support the adoption and effective implementation of the PIE revisions at the local level. We therefore encourage the IESBA to persist in its efforts to provide implementation support to ensure effective and consistent application of new and revised standards, while balancing its time and resources on other standard-setting activities.

Irish Auditing and Accounting Supervisory Authority (IAASA)

Clarity and enforceability

IAASA believes that the Code should continue to be clear and enforceable and allow for audits to be performed on a consistent basis. The Code should incorporate provisions designed to ensure appropriate

and consistent auditor behaviour. It should include clear ethical principles along with clear requirements, to promote better ethical behaviour and outcomes.

Engagement with regulators and a wide range of stakeholders

IAASA welcomes IESBA's recognition of the need to work closely with regulators and oversight bodies and encourages IESBA to consider enforcement challenges and perspectives when drafting its standards (ref. par. 21 CP). Addressing needs for clarity and the challenges faced by enforcement authorities when sanctioning inappropriate behaviour are key to increasing acceptance and use of the Code.

IAASA welcomes initiatives to reach out to a wide range of stakeholders, including those outside the accounting profession. In particular, providers of sustainability reporting assurance should be added to the IESBA's targets. IAASA also welcomes further involvement of investors and those charged with governance (ref. par. 42 CP) as involving those communities is pivotal to understanding their specific needs and challenges.

IESBA should provide clarity in its final Strategy and Work Plan on the actions it will undertake to promote use of the IESBA pronouncement related to sustainability reporting and/or associated assurance by other assurance services providers outside the accounting profession.

Coordination with other standards setters

IAASA supports the coordination of efforts among standard-setting organisations relevant to auditing. Of particular importance is IESBA's objective to align the Code with the International Auditing and Assurance Standards Board's (IAASB) standards to promote consistency and interoperability. Coordination of timetables between the two Boards will be essential to implementing the standards related to assurance on sustainability reporting.

Reaching out to professional standards setters and bodies issuing professional guides and standards might also be beneficial to facilitate further use of IESBA pronouncements on ethics for sustainability assurance.

The sustainability reporting standards applicable in Ireland and other EU countries will be those adopted by the European Commission. While IESBA's coordination with the International Sustainability Standards Board (ISSB) is welcome, IAASA encourages IESBA to take the work by other relevant standards setters in the field of sustainability reporting into consideration, especially the work of the European Financial Advisory Group (EFRAG) on the European Sustainability Reporting Standards (ESRS) (ref. par. 42 CP).

Global acceptance

The IESBA's objective of achieving global acceptance of the Code should not lead IESBA to adopt lower standards to maximise acceptance. IAASA stresses the importance of enhancing and strengthening the international independence standards to meet the public interest worldwide (ref. par. 33 CP).

Some stakeholders have called for IESBA to slow the pace of standard-setting and develop more non-authoritative material (to assist users in understanding the new provisions and applying them consistently). However non-authoritative material is not a suitable substitute for amendments to the Code. Such non-authoritative material does not have the same enforceability for regulators and so cannot replace a clear and robust Code.

Ikatan Akuran Indonesia (IAI)

We agree with the identified strategic themes and believe that the Board's vision has been reflected in the themes, along with the environmental and operational drivers, impacting the expanding roles of PAIBs

instead of just focusing on sustainable reporting of the role of accountants in business becoming more complex and challenging.

As we understand, sustainability reports are an integral part of corporate social responsibility. They are important because they help companies measure and improve their performance in managing their impact on the environment and society.

We also agree with the IESBA's suggestion to develop the four identified strategic themes into actions that lead to the achievement of the vision.

We agree that post-implementation reviews are important and would like to clarify whether sufficient guidance and criteria for assessing the effectiveness of standards have been provided to help stakeholders conduct reviews.

Institute of Chartered Accountants in England and Wales (ICAEW)

ICAEW agrees with IESBA's proposed strategic themes and strategic actions, in particular as they relate to sustainability and the need to undertake post-implementation reviews. ICAEW agrees that global operability and acceptance of the IESBA's standards is important, and that wide stakeholder engagement is important to underscore such acceptance.

Institute of Chartered Accountants of Nigeria (ICAN)

We agree with the IESBA's *Proposed Strategic Themes and Proposed Strategic Actions* as described in paragraphs 13-18 of the document.

We believe that the Strategic Drivers are consistent and comprehensive with the Themes and the Strategic Actions will ensure their realization.

The Institute of Chartered Accountants of Scotland (ICAS)

Enhancing trust in sustainability reporting and assurance

As noted in our response to the IESBA Strategy Survey 2022, given the growth in the disclosure of sustainability information, and increasing calls for assurance to be provided on such information, we believe that it is of a high level of importance that the IESBA should focus on standard-setting in relation to sustainability reporting and assurance in the next strategy period. This should also be supported by non-authoritative material as appropriate.

Whilst we note IESBA's intention that its sustainability workstreams will cover the whole spectrum of sustainability matters, in order to be clear to users that this is the case we suggest that the new provisions within the Code would benefit from examples covering a range of sustainability-related matters i.e. across the full Environmental, Social and Governance (ESG) spectrum. This would mean capturing not just climate related matters within the "E", but other environmental matters such as nature and biodiversity, as well as social and governance elements of the "S" and the "G".

We believe that the public interest would be best served by having the same or equivalent ethics and independence standards apply to all parties providing assurance on sustainability related information. However, we do have concerns around how, in practice, IESBA will be able to expand the scope of the Code to cover assurance providers other than Professional Accountants in Public Practice (PAPPs). We believe this can only be achieved if assurance providers other than PAPPs are to be required by respective jurisdictional regulators to adhere to the IESBA Code of Ethics or equivalent standards.

We therefore agree with IESBA that obtaining the support or endorsement of its new standards addressing ethics and independence issues pertaining to sustainability reporting and assurance, as well as the related but broader standard addressing the use of experts, from global regulators and oversight bodies and other key jurisdictional bodies is key to IESBA being able to expand the scope of the Code to cover assurance providers other than PAPPs in practice. All the accountancy profession itself can do is highlight its professional standards to the regulatory and investment communities. It would then be for local regulators to determine whether they need to put in place requirements to cover others external to the accountancy profession.

We further note that if IESBA is successful in extending the Code to others providing assurance services on sustainability, then perhaps this approach could also be considered to ensure a level playing field for other areas. For example, the requirements of the Code might also be extended to others providing tax planning services e.g. lawyers etc. We do however appreciate that there would be a need to involve other bodies to achieve this particular goal – IESBA would in the first instance need to develop a strategy for gaining regulatory support around the globe.

Strengthening the Code or responding in other ways in areas beyond sustainability reporting and assurance

We believe that, other than in relation to sustainability matters and completion of other existing projects, IESBA should have a ‘slow down’ period for now in terms of creating new provisions to the Code and agree with IESBA that there is a need to instead primarily focus on progressing and completing on-going projects in a timely manner, and particularly the sustainability workstreams.

As noted in our response to the IESBA Strategy Survey 2022, a potential activity for IESBA out-with standard setting would be to highlight to key stakeholders, e.g. members of the Monitoring Group, that the NOCLAR provisions in isolation are not sufficient but rather supporting measures need to be put in place by other bodies to complement these provisions. In this regard, jurisdictions need to ensure that they have in place, or put in place, appropriate mechanisms to provide adequate protection to individuals (including professional accountants) who are placed in a situation where they are considering reporting a matter of non-compliance in the public interest.

We agree that IESBA should continue its ongoing monitoring function on technology developments (particularly given the speed of change in this area, and for example the concerns around privacy and the use of data by AI), but also other emerging issues or developments other than those related to sustainability and technology.

We do however note that there currently appears to be no plans to carry out a Post-Implementation Review of the technology related revisions to the Code (effective from December 2024) in the period 2024-2027 and suggest that, given the speed of change in relation to AI, it might be better to schedule this earlier.

Further enhancing the diversity of stakeholder perspectives and the global operability and acceptance of the IESBA’s standards

We agree that IESBA should seek to enhance the level of input from parts of its stakeholder community it has not historically heard from to any significant extent, particularly investors and those charged with governance (TCWG), and agree that, particularly in the context of sustainability assurance, it will be important for the IESBA to engage with assurance service providers that are outside the accountancy profession if it is to achieve the goal of developing profession-agnostic ethics, including independence, standards that are widely accepted.

ICAS also agrees that coordination with the International Auditing and Assurance Standards Board (IAASB) and other standard setting bodies such as the International Sustainability Standards Board (ISSB) and Global Sustainability Standards Board (GSSB), and having proactive engagement with the global regulatory and oversight community, is important.

Widening the influence of the IESBA's standards through a continued focus on adoption and implementation

We note that as per IESBA's 'Report of IESBA accomplishments – 2020-2021': "As of December 2021, the 2018 edition of the Code is being used in almost 90 of the 136 IFAC member jurisdictions. In addition, several other jurisdictions have stated plans to consider adoption".

As noted in our response to the IESBA Strategy Survey 2022, it might be that this gap indicates that too much standard setting has been taking place, and therefore professional accountancy organisations (PAOs) are not wanting to continually have to respond to consultations or revise their respective Codes, or some countries might be finding it more difficult to translate the Code, so they are taking more time to implement it. This time lag for implementation might grow if new provisions are continually introduced.

We therefore agree that IESBA should be promoting further adoption of the Code, devoting attention to those countries that have not yet implemented the Restructured Code. This could take place during outreach discussions, and be coordinated with IFAC, and it may be necessary to specifically target certain jurisdictions. The support of the Monitoring Group in promoting the need for jurisdictions to adopt the IESBA Code would be beneficial in this regard.

We also agree with IESBA regarding conducting post-implementation reviews to assess how effectively the implementation of the IESBA's recently issued standards meets the original objectives for developing them, and to identify any need for further enhancements.

Institut der Wirtschaftsprüfer (IDW)

Subject to our comments below, the IDW agrees with the proposed strategic themes and proposed strategic actions.

Enhancing Trust in Sustainability Reporting and Assurance

The IDW agrees with this strategic theme. However, many jurisdictions are at the start of a sustainability reporting journey. We therefore suggest that the IESBA establishes ethical standards for both preparation and assurance.

Strengthening the Code for Responding in Other Ways in Areas Beyond Sustainability Reporting and Assurance

Prior to strengthening the Code's requirements, a post-implementation review (PIR) of the existing requirements as well as a root cause analysis of potential shortcomings seems necessary. Determining the need to strengthen requirements cannot be based solely on "calls" from the regulatory community but should be determined on an evidential basis. Failures to adhere to the Code may need a specific approach (e.g., clarification or additional guidance); strengthened requirements may only be called for where there is an indication of a gap in the Code that actually causes ethical or independence (in fact, not appearance) problems in practice. Strengthening a requirement does not necessarily make the Code better and more

effective. In this context, the IDW would like to stress again the benefits of a principles-based approach rather than a rules-based approach for the effectiveness of the IESBA Code.

That said, in regard to disruptive technology we do see an urgency in the area of artificial intelligence.

Further Enhancing the Diversity of Stakeholder Perspectives and the Global Operability and Acceptance of the IESBA's Standards

The IDW welcomes this theme, especially with regard to investors and those charged with governance. It is important that the Code is widely accepted on the basis that its application results in a high quality of ethical behavior that is effective and practicable in application.

We also would like to ask the IESBA to consider more fully the impact of its initiatives on smaller and medium-sized firms. Interaction with this stakeholder group and acknowledgement of their views is essential if the Code is to achieve its aims globally.

Widening the Influence of the IESBA's Standards Through a Continued Focus on Adoption and Implementation

The Code can only ever be as successful as its effective global application. For the IESBA's continued reputation as a global standard setter it will be essential for the IESBA to establish where non-current versions of the Code are used and to identify any issues impacting application or a proper understanding and application of specific provisions by individual PAs and firms who are subject thereto. The IESBA should also determine why the Code is not adopted or implemented in certain jurisdictions. Thus, the ongoing and planned PIRs envisaged under the fourth strategic theme are essential.

We note that the issue of root cause analysis is not discussed. Nevertheless, in our view an evidence-based approach to new topics is needed to establish the appropriate course of action. Additional requirements may be needed if a gap in the Code or an insufficiently stringent provision is established as having led to failures, whereas guidance should be developed to address breaches of the Code that are due to misunderstanding or misinterpretation.

In paragraphs 26 and 27 the IESBA notes the three discrete issues of 1) not all jurisdictions having adopted the Code; 2) not all of those who have are using the latest version of the Code; and 3) some stakeholders having – in view of the frequency of changes to the Code – called on the IESBA to a) temper the pace of standard setting and b) focus on developing non-authoritative material to assist users in understanding the new provisions and applying them consistently.

On this basis we are fully supportive of the performance of a stock-take to establish which versions of the Code are being applied in which jurisdictions, the development of implementation support and conducting PIRs (see paragraph 43 bullets 2, 4 and 5).

A stock-take would also be extremely important in allowing the IESBA and its various stakeholders to determine the capacity for changes to be implemented in practice. The development of implementation support would help ensure understandability and consistent application of the Code. PIRs would inform the IESBA and its stakeholders as to whether the aims of key changes are being achieved. However, in line with our comments as to increasingly stringent rules, we would like to ask the IESBA to use PIRs to assess not only the need for further enhancements, but potentially also the need for other forms of modification such as simplification.

It is our understanding that the IESBA acknowledges that the third issue is in part compounded by multiple and often significantly challenging changes impacting professional accountants in their jurisdictions - i.e.,

the IESBA cannot view its own changes in a vacuum in considering the volume and pace of change. Although we support the statement at the end of paragraph 27 recognizing that effective implementation of the IESBA's standards is a matter of strategic importance, we believe that the fourth proposed strategic theme should refer to *enhancing* the focus on adoption and implementation rather than continuing it in the form used in the past.

Institute of Singapore Chartered Accountants (ISCA)

We are largely supportive of the proposed strategic drivers, themes and actions.

We support the IESBA's commitment and timely response to the developments relating to sustainability reporting and assurance. As sustainability reporting and assurance is expected to continue to be the main focus globally in the coming years, ethics and independence standards will need to keep up with global developments to stay relevant. Hence, we agree that the IESBA should prioritise the sustainability and use of experts projects in its strategy and work plan (SWP) for 2024 – 2027 with a view to approving the exposure drafts by Q4 2023.

Japanese Institute of Certified Public Accountants (JICPA)

We agree with the IESBA's Proposed Strategic Themes and Proposed Strategic Actions. To have a significant impact on adoption and implementation going forward, it is desirable that stakeholders are involved in the careful consideration of developing the profession-agnostic Code of Ethics, including independence standards, as part of enhancing trust in sustainability reporting and assurance.

In order to increase the operability and acceptability of the Code in an environment where change is being driven by the rapid advance of technology and the acceleration of digitalization, and to enhance its robustness and relevance by taking into account the varied perspectives of stakeholders, we believe it is important to take a principles-based approach to setting standards. However, we believe that the recent revisions to all kinds of requirements have come close to a rules-based approach. As IESBA prepares for the formulation of its next strategy and work plan, we strongly recommend a return to a principles-based approach.

Korean Institute of Certified Public Accountants (KICPA)

In general, the KICPA agrees with the "Proposed IESBA Strategy and Work Plan, 2024-2027".

Pan-African Federation of Accountants (PAFA)

PAFA agrees with the proposed strategic objectives and proposed strategic actions. We concur with the view that the public interest concerns such as trust in the work of auditors and in sustainability reporting and assurance are relevant to both the IESBA and IAASB's stakeholders and therefore fully support the two boards working together in the planning and delivery of their strategy and work program.

As it relates to the develop ethics (including independence) standards that are profession-agnostic to support sustainability assurance, while this is a welcome development, there are concerns on the practicalities of the implementation and enforcement of the application of the code by non-professional accountants who may not be members of an organised body.

Pennsylvania Institute of Certified Public Accountants (PICPA)

The committee generally supports the proposed strategic themes and actions outlined in pp. 13-

However, the committee notes that balance is needed to prevent overreach by the perspective from the broadened range of stakeholders providing input on the regulatory requirements of professional accountants in public practice.

South African Institute of Chartered Accountants (SAICA)

SAICA agrees with some of the IESBA's Proposed Strategic Themes and Proposed Strategic Actions.

However, we are concerned with the concentration on a profession agnostic Code proposed under the theme "Enhancing Trust in Sustainability Reporting and Assurance". Our ethics sets the profession apart from the rest of world and it is our "collective conscience." By creating a profession agnostic code, it may take away from this collective conscience. We are also concerned that many parts of our Code will not be applicable to other professions, such as NOCLAR. We recommend that a similar Code is applicable to other professionals responsible for sustainability to avoid a situation that accountants choose to either leave the profession or join other professions. A responsible code is an asset to the profession, but this should not be perceived as at some point restricting or disincentivising the profession.

In addition, we battle to distinguish between theme 3 and 4, specifically because Global Operability and Adoption are complementary drivers / very closely aligned.

We propose these more distinct alternatives:

- Quality and Relevance of Code Amendments
- Global Operability, Adoption, and Implementation

Wirtschaftsprüferkammer (WPK)

As outlined in our general comments above, top priority should be given to the Sustainability Project. As far as the proposed Work Plan 2024-2027 is concerned, we refer to our comments relating to question 4 below.

8. Individuals and Others

European Federation of Accountants and Auditors for Small and Medium Entities (EFAA)

We agree with the proposed strategic themes and proposed strategic actions.

We welcome IESBA's explicit commitment in paragraph 42 to continue to engage with SMPs to guide its considerations of proportionality in developing the standards, among other matters of relevance to the SMP community. We look forward to helping IESBA deliver on this promise. •We also urge the IESBA to consider whether the desire for, and actions to ensure, scalability and proportionality of the Code demand more visibility and emphasis in the document. Scalability is not mentioned at all.

We have some further suggestions for the IESBA's consideration:

- *Paragraphs 29 (table) and 30 – refers to 'Rapidly Growing Market Demand for Sustainability Information'. We suggest the text is modified to align with the wording of the environmental drivers (paragraph 8-10) and say, 'Rapidly Growing Market and Public Demand for Sustainability Information' (and make appropriate conforming changes to the supporting text). IESBA might also wish to briefly mention, either here or in paragraphs 8-10, the fact that millions of SMEs that may not be directly required to report stand to be impacted as the adoption of impact materiality demands value chain reporting.*

- *Paragraph 43 – refers to “the proper functioning and sustainability of financial markets and economies”. We suggest this aligns with the wording of the vision (paragraph 2) and say, “the proper functioning and sustainability of organizations, financial markets and economies worldwide.” This wording scopes in organizations like SMEs that are not active in, or associated with, financial markets.*

International Federation for Accountants Public Accountants in Business Advisory Group (IFAC PAIBAG)

- Enhancing trust in sustainability reporting and assurance
 - In principle we support a focus on this theme, given the recent publication of the ISSB’s S1 and S2 standards, as well as the ESRs and other jurisdictional developments, and the work being done by the IAASB on the development of ISSA 5000.
 - The actions suggest developing fit-for-purpose ethics standards to support sustainability reporting by PAIBs and professional accountants in public practice. We believe that it is important to think about this with a longer-term perspective, recognizing that it will take time for companies to develop mature processes and systems of internal control to ensure the quality of sustainability-related data and information. Companies will also need time to implement new sustainability reporting and assurance standards. With all of these new requirements, it will be important to carefully consider whether changes to the Code are needed, and not to make changes to the Code too early before fully understanding the implications of the reporting and assurance standards.
 - The IESBA would need to consider relevant issues specific to professional accountants, for example taking into account:
 - At present, in many organizations, the sustainability report preparers may be outside of the accountancy profession, and the CFO and finance function may not be directly responsible for or involved in the compilation and disclosure of sustainability information in a (separate) sustainability report that is not part of general-purpose financial reporting. This may change over time, and a particular focus of the PAIB Advisory Group’s agenda is to highlight case studies that demonstrate how PAIBs are contributing to sustainability in their organizations.
 - PAIBs work across a range of roles and their contribution to sustainability in their organizations may not be primarily on the external reporting and disclosure. In enabling sustainability objectives, PAIBs are objectively analyzing and reconciling trade-offs such as between stakeholder interests, and potential initiatives and priorities and their relative contribution to value creation.
 - The need for CFOs and finance functions to champion an [integrated mindset](#), for example one issue particularly relevant to PAIBs is around the connectivity of information and consistency between disclosures in management reporting and the financials, and the priorities of the organization internally vis-à-vis what is being reported (i.e. you manage what you measure).
 - Where PAIBs are moving into the sustainability reporting space, they can apply their expertise in reporting processes, systems and controls, regulatory compliance and adherence to standards, and building confidence through internal assurance. The Code

is already fit for purpose in this respect, and applicable to any information prepared by PAIBs, including sustainability-related information.

- Forward looking statements are very different to backwards looking, so the question of ethical scenarios requires a different approach to addressing the question of measuring balance sheet items, such as assets, liabilities, and equity interests which currently exist, or profit and loss transactions that have occurred.
- Strengthening the Code or responding in other ways in areas beyond sustainability reporting and assurance
 - We agree on the need to continue to monitor technology developments and consider the ethical implications. We welcome the opportunity to work closely with the IESBA to provide a perspective through the lens of the PAIB Advisory Group's work on this topic.
 - While we support the IESBA monitoring external trends and developments, we believe the IESBA needs strong justification and clear evidence-based analysis before making additional revisions to the Code itself.
- Further enhancing the diversity of stakeholder perspectives and the global operability and acceptance of IESBA's standards.
 - We note the desire for IESBA to widen stakeholder outreach, particularly to the investor and corporate governance communities. The PAIB Advisory Group also engages with these stakeholders and is willing to support IESBA however we can.
- Widening the influence of the IESBA's standards through a continued focus on adoption and implementation
 - We strongly support the need to focus on adoption and implementation, particularly given the number of changes to the Code in recent years. In terms of developing practical implementation resources, we encourage professional accountancy organizations (PAOs) with the support of IFAC providing practical material to support members.

Munarriz CE

Yes, I generally agree. However, I do not think the IESBA should extend its focus to develop profession-agnostic subject matter standards (e.g. sustainability) as it would be contradictory with the fact of IESBA being a standard-setter focused in the accountancy profession. Also, even if IESBA decides to follow that approach, it would be contradictory with the tax planning project only being applicable to tax accountants (instead of all professionals providing tax planning services like it is intended in the case of sustainability). Also I am skeptical in the feasibility of individuals from other professions being able to apply a separate sustainability standard without the background and knowledge of the full IESBA code in a consistent manner.

In addition, I cannot see how jurisdictions can adopt the standards for use of individuals from other professions that are not regulated by IFAC members.

International Federation for Accountants Small and Medium Practices Advisory Group (IFAC SMPAG)

The SMPAG generally agrees with the proposed strategic themes and actions, though we raise some concerns for consideration. Generally, we would have liked some reference to a commitment to continuing to develop principles-based standards within the strategic drivers, themes or actions to emphasize this approach being favored over detailed prescriptive requirements.

There is a concern that IESBA may be moving quickly in response to issues relating to certain jurisdictions at the expense of making broader considerations before introducing changes that will impact the profession internationally. Paragraph 50 refers to the Benchmarking Working Group's (BWG) Phase 1 Report, Comparison of IESBA and US SEC/PCAOB Independence Frameworks. This paragraph demonstrates an appetite to react to findings from this exercise, which only considers one jurisdiction. We would challenge whether this approach is appropriate and whether findings from other jurisdictions should first be sought before any action is taken.

In terms of the specific themes and actions, we have no comments on the first strategic theme. The second focuses on strengthening the Code, which we do not oppose in principle. However, there needs to be a clear evidence-based justification of what the deficiencies are before any additional revisions are proposed, together with an examination of the root cause of the issues. The IESBA should be careful to avoid adding complexity through creating stringent requirements for PAs unless these address significant and widespread concerns as PAs already struggle to understand and adopt what is in the existing Code, which also indicates additional supportive guidance may be needed to fully understand extant requirements. The actions for this second theme refer to progressing and completing projects in a timely manner. This may be read as a reference to moving more quickly on projects, when it should be more of a reference to moving on an appropriate time basis taking into account the comments raised by stakeholders.

Where the third theme, enhancing the diversity of stakeholder perspectives, and global operability and acceptance of IESBA standards is concerned, we are pleased to see specific reference to SMPs in the actions. However, it would have been good if this pattern was repeated throughout the other areas to emphasize that SMP considerations are important across all strategic areas. There is a reference to proactive engagement with assurance providers independent of the accountancy profession. We agree with this approach but note that engagement must lead to resolutions that are on an equal footing with other providers having equally high standards, so as not to negatively impact PAs. We note there is a commitment to engage with a broad range of stakeholders, and while this is welcome, a focus must be retained on developing the Code in a way that is practical to implement, so views in respect of this should be given appropriate prominence alongside any more theoretical approaches.

On the fourth theme, widening the influence of IESBA's standards through a continued focus on adoption and implementation, we note there is an emphasis on engaging in outreach. It is not clear whether significant additional IESBA staff time will be allocated to outreach, or if this is activity that will primarily be undertaken by Board members. If staff time is to be diverted to this activity, we fear there may be an impact on important areas such as the development of non-authoritative material and conducting post-implementation reviews.

A major concern in this area is some jurisdictions not adopting the latest versions of the Code, and if the reasoning behind this is examined, this may, in part, result from the piecemeal introduction of changes. The IESBA should consider whether an approach that introduces several changes together, rather than changing the Code every time a project is completed would be more conducive to effective adoption and implementation. Revisions to the code are only effective if they are widely implemented and PAs and PAOs can find regular changes very challenging to deal with.

While we agree a focus on adoption and implementation is critical, it is equally important to consider the significant issues raised by stakeholders due to the volume of new changes. Where concerns are raised about responding in a timely manner to regulator's expectations, it must be stressed that this needs to be done in a very disciplined and targeted way. Early focus on limiting the scope of changes to those strictly necessary to address regulatory concerns is as important as the focus on adoption and implementation.