

IESBA Sustainability**Question 20 – Yes****Regulators and Oversight Authorities, incl. Monitoring Group members****BAOA - Botswana Accountancy Oversight Authority**

The IESBA should engage with a wide range of stakeholders including non-PA preparers, investors, regulators, and standard-setting bodies to understand their perspectives and needs regarding the expansion of the Code. This collaboration will ensure that the resulting standards are robust, practical, and widely accepted. Regarding oversight and enforcement, the IESBA should set up methods for monitoring adherence to the expanded Code and enforcing ethical standards for sustainability information preparers. This might include self-assessment by preparers and external oversight by regulators or professional bodies.

ESMA - European Securities and Market Authority

IESBA approach to preparers of sustainability reporting

Finally, ESMA supports IESBA's decision to take a step-by-step approach to setting ethics standards to professionals other than professional accountants involved in the preparation of sustainability reporting. ESMA concurs with IESBA's acknowledgement in its strategic work plan that there is a public expectation that all preparers of financial and sustainability information are subject to the same high ethics standards. The integrity of the teams responsible for the preparation of sustainability information should be supported by adequate professional ethics and ESMA believes that IESBA can considerably contribute with its expertise in this field by developing adequate guidance. ESMA therefore recommends that IESBA engages in extensive outreach with the relevant parties in the sustainability reporting field to be able to address this area in a timely fashion.

NASBA - National Association of State Boards of Accountancy (US)

NASBA believes that the IESBA could approach its new strategic work stream on expanding the scope of the Code to all preparers of sustainability information by conducting additional outreach to all preparers of sustainability information, including non-CPAs. It would be in the public interest for all preparers to have standards to follow with respect to ethics and objectivity. If the scope is expanded to preparers of sustainability information, then consideration must be given to the assurance providers' responsibilities for ensuring the preparers are complying with the standards.

Investors and Other Users**DIR - Daiwa Institute of Research Ltd**

Ans. Every preparer has their own ethic code. They already should be subject to some kind of industry guideline, or code. My understanding is that IESBA code is for PA and NPA who provide sustainability assurance engagement, but not for preparers. As a preparers' perspective, this expansion could be too severe, too much administrative burden. Expanding it to NPA who provide sustainability assurance engagement must be the solution.

Preparers and Those Charged With Governance

BD - Bruno Durringer

Q20: My view is that Sustainability Reporting should inspire to the same framework as implemented by Sox: Representation by CEO / CFO and Chief Sustainability Officer, with penalties on individuals if breached. This should drive companies to insist in their own Code of Conduct on the importance of adequate sustainability related reporting and provide Ombudsman / Hotlines for concerns reporting.

Public Sector Organizations

AGNZ - Office of the Auditor General of New Zealand

As we understand the intent of the proposed standard, it requires non-accountant assurance practitioners to comply with Part 5 and encourages non-accountant practitioners to comply with Parts 1 to 4B.

This is an ambitious goal. We think the IESBA has a responsibility to consult extensively with the bodies who represent non-accountant practitioners, and to assist them to prepare the necessary materials (and the associated training) to enable a full understanding of the Code. We note that the IAASB faces a similar challenge with ISSA 5000.

GAO - US Government Accountability Office

We believe the IESBA should address public concerns regarding its ability to enforce the Code on all users, not just professional accountants. We believe the proposal does not sufficiently address the enforceability of the Code on practitioners who are nonprofessional accountants. The consequences that practitioners who are nonprofessional accountants will face if they do not comply with the proposed code of ethics or independence standards and IESBA's mechanisms to enforce the code with such practitioners are unclear.

The unequal enforceability of the Code by IESBA on professional accountants and practitioners does not appear to serve the public's interest. We believe that the different levels of compliance with the independence standards in the Code for professional accountants and practitioners do not serve the public's interest.

UNCTAD ARP - UNCTAD African Regional Partnership

The following views were expressed on the possible approach to IESBA's new strategic work stream:

The recommended approach advocates for inclusivity and collaboration among diverse stakeholders to achieve consensus in decision-making processes, aiming to avoid risks associated with adhering solely to mainstream thinking. It emphasizes consultation and engagement with strategic partners and the international community at large. Furthermore, it suggests considering the impact of non-compliance beyond the auditee and fostering communication with accountancy bodies across different countries and regions. Translation of ethical standards into various languages is seen as pivotal for ensuring comprehension and effective application among professionals from diverse cultural backgrounds. Additionally, the importance of working collaboratively with other professional organizations is underscored as a key aspect of the proposed approach.

Independent National Standard Setter

APESB - Accounting Professional & Ethical Standards Board (Australia)

APESB supports the IESBA's plans to expand the scope of the Code to all preparers of sustainability information. We believe the next step for the IESBA is undertaking extensive and broad stakeholder engagement to determine how to approach the proposals' widescale acceptance. The IESBA should use its existing framework of connections as the lead-off to this engagement.

Professional Accounting Organizations (PAOs)

ACCA - Association of Chartered Certified Accountants

IESBA's new strategic work stream on expanding the scope of the Code to all preparers of sustainability information is an opportunity for IESBA to address the growing importance of sustainability reporting and enhance ethical standards in this critical area. Given the complexity and evolving nature of sustainability information, reporting and associated assurance, the revised Code should initially adopt a principles-based approach that provides overarching ethical principles while allowing for flexibility and adaptability to different reporting frameworks and evolving best practices. We suggest that IESBA should continue to engage stakeholders from diverse backgrounds, including investors, regulators, standard-setting bodies, and civil society organizations, alongside preparers of sustainability information. This collaboration will go some way to ensure that the revised Code reflects a broad consensus and incorporates diverse perspectives on ethical responsibilities related to sustainability information. We understand that IESBA is beginning consultation around culture and look forward to seeing how this progresses and whether a pivot will be required to move from principles to more prescriptive requirements in order to enable effective monitoring and supervision.

AE - Accountancy Europe

We believe that the IESBA should not start working on this work stream before making sure that there is a need and appetite for the adoption of its Code by non-PAs. Accordingly, the IESBA should consider this as a broader strategic matter that requires engagement with a broad range of stakeholders. Otherwise, the Board's limited resources will have been used to develop profession-agnostic ethics standards for sustainability reporting which may not be operable or enforceable in practice.

AIC - Asociacion Interamericana de Contabilidad (Inter-American Accounting Association)

Yes, we have the following view on how the IESBA might approach its new strategic workstream on extending the scope of the Code to all preparers of sustainability reporting:

While we are also not aware of any urgent international regulatory demand for profession-independent ethical standards for sustainability reporting at this time or any support from participants in the global sustainability roundtable for the IESBA to develop profession-independent ethical standards for sustainability reporting at this time, due to doubts about the applicability of such standards to non-PAs, as well as other factors such as the current use of corporate governance codes by regulators in a number of jurisdictions; but we

understand that there is indeed a need to extend the scope of the current Part 2 to all preparers of sustainability reports and that it is a much broader strategic issue that will require consideration by the IESBA over a longer period of time and discussions with a wide range of stakeholders; that it would also require the IESBA to have significant resources, financial, human and otherwise; however, we believe that a focus on extending the scope of the Code to all preparers of sustainability reporting would be worthwhile.

We are persuaded that such a workflow approach would significantly enrich the IESBA's contribution to sustainability reporting transparency.

AICPA - American Institute of Certified Public Accountants Professional Ethics Executive Committee

Detailed comments: We do not believe IESBA should expand the scope of the code to all preparers of sustainability information for the reasons outlined in the “IESBA's issuance of profession-agnostic standards is not in the public interest” section including its subsections “The clarity of IESBA standards will be undermined” and “The public trust will be eroded”.

We will likely have more views after additional details on this new work stream are shared.

BICA - Botswana Institute of Chartered Accountants

Comment

- Providing views on how the IESBA could expand the scope of the Code to all preparers of sustainability information is important for enhancing transparency and accountability in sustainability reporting.

CAANZ - Chartered Accountants Australia and New Zealand

We support the IESBA's new strategic work stream on expanding the scope of the Code to all preparers of sustainability information. However, we acknowledge that this will come with its own set of challenges because those responsible for the preparation of sustainability information will vary and may not all be subject to compliance with the Code. The range of professionals expected to be involved with the preparation of sustainability information will be dependent on multiple factors such as the complexity of an organisation or limited resources available within an entity. For example, businesses operating in high-emitting industries may have dedicated climate specialists that prepare sustainability information whilst a not-for-profit organisation may have to rely on the inhouse accounting team or volunteers to prepare sustainability information. We encourage the IESBA to collaborate across jurisdictions and with other professional associations to understand if similar work is currently being undertaken or if the IESBA should take a leading role in bringing together industries to develop the Code in conjunction with other professionals who will be involved in the preparation of sustainability information.

CAI - Chartered Accountants of Ireland

- We support the IESBA development of Part 5 of the Code and welcome its application to all preparers of sustainability information, Professional Accountants

and others, with appropriate regulatory oversight that ensures action in the public interest.

- While regulatory oversight of compliance with the Code by Professional Accountants will continue through their existing regulatory frameworks, it is not clear how this will be achieved for preparers who are not Professional Accountants (non-PAs). This creates a risk of Part 5 of the Code being applied inconsistently by non-PAs, and consequently sustainability reporting and assurance work falling short of the ethical standards necessary to meet reasonable expectations of stakeholders and to be in the public interest.
- Furthermore, Professional Accountants will incur considerable costs to ensure compliance with these ethical standards, which will put them in an unfair position unless non-PAs are subject to the same requirements. While this is not the role of the IESBA, we are supportive of its engagement and advocacy with global regulators to find an appropriate solution to ensure a level playing field that will encourage a supply of high-quality ethical preparers of sustainability information.
- The likely outcome, which is undesirable, is that adoption of the Code by non-PAs will be over time on a piecemeal basis, versus PAs who will be required to comply with the Code once put into effect by their Professional Body. This will result in a fragmented market, and we would like to see, as an interim measure, standard setters, included the IESBA, IAASB and ISSB, regulators, global accreditation bodies increase communications and awareness, and to advocate on the public interest protections offered by SAPs and preparers of sustainability information who comply with the Code, or equivalent ethical standards.

CFAR - Chamber of Financial Auditors of Romania

We do consider that IESBA could approach its new strategic work stream on developing guidelines and further communications.

CNCC-CNOEC - Compagnie Nationale des Commissaires aux Comptes and Conseil National de L'Ordre Des Experts-Comptables

Quality of sustainability reporting starts with the preparers, it is undeniable.

We therefore agree in principles with expanding the scope of the code to all preparers of sustainability information, under the condition that IESBA prioritize the finalization of Part 5 of the Code at the appropriate level of quality, having taken into account the comments received on exposure and having carefully thought through the consequences of its proposals.

CPAA - CPA Australia

- The IESBA indicates that a reason for not pursuing the development of profession-agnostic ethics standards for sustainability reporting is that there is no urgent international regulatory call for such standards at this time. It also acknowledges that there was no “strong” support for such standards from global sustainability roundtable participants, which included regulators. Logically, it can be assumed that there is some support from non-regulator stakeholders for such standards. It is important that IESBA considers feedback and recommendations from a broad

range of stakeholders and does not unintentionally provide inappropriate greater weight to the views of regulators. We note that notwithstanding its decision to not pursue profession-agnostic ethics standards for sustainability reporting as part of this current ED, the IESBA has identified such standards as a key strategic focus area. This prioritisation is supported by CPA Australia, but we strongly recommend that the IESBA focuses on revising and updating existing Code provisions and does not create yet another separate Part of the Code.

It is imperative that the IESBA – and the International Foundation for Ethics and Audit (IFEA) – addresses resourcing and funding concerns before it proceeds to undertake further activities aimed at “extending the impact of the Code beyond the accountancy profession” and to develop more “profession agnostic” standards. Moreover, much greater thought needs to be given to questions relating to adoption and implementation of the standards, including the education and training that needs to be developed and provided.

Over the last two to three decades, the global adoption and implementation of international standards resulted largely from the efforts of global accounting networks and PAOs. It is unreasonable to expect that these organisations should continue to be almost sole funders of standards, education and training, that directly benefit others who are in direct competition with the firms and PAOs.

CPAC - Chartered Professional Accountants Canada Public Trust Committee

We encourage the IESBA to develop profession-agnostic (or practitioner-agnostic) ethics standards for preparers of sustainability information. All preparers of sustainability information, regardless of profession or other qualifications, should be held to the same ethical standards as public accountants. Adherence to different ethical standards is a pathway to the potential proliferation of “greenwashing” and erosion of public trust in sustainability information. The PTC notes that sustainability information may be prepared by individuals across a variety of occupations, and this is paired with a lack of sufficient oversight by management and those charged with governance. Since those charged with governance have typically been exposed to regulatory requirements for audit reports there is currently an inadvertent assumption that sustainability information published in voluntary reporting regimes is subject to standards that are equivalent to those underlying an entity’s other core regulatory documents. While the issue of enforceability remains, expanding the scope of the Code to all preparers of sustainability information would establish a standard that can be referred to and required, for example, by those charged with governance to management, required by lenders of credit to organizations, or regulatory bodies in developing requirements for mandatory reporting.

The PTC agrees with the IESBA that “discussions with a broad range of stakeholders” are critical in moving forward and recommends that the IESBA leverage its Sustainability Reference Group as well as NSS to identify groups of preparers of sustainability information in their jurisdictions. The IESBA’s approach should also include active engagement for the purpose of obtaining demonstrated buy-in from and alignment with relevant regulatory bodies and other professional entities.

EFAA - European Federation of Accountants and Auditors for SMEs

We support the IESBA's decision to restrict the scope of the current Sustainability project to developing ethics standards for sustainability reporting by PAs at this time. This is a pragmatic approach. We also support IESBA's ultimate objective to develop ethics standards for sustainability reporting to apply to all preparers of sustainability information (i.e., profession-agnostic) as it is highly desirable that all preparers of sustainability reporting being subject to the same robust ethics standards.

We have a preliminary view on how the IESBA should approach its new strategic work stream on expanding the scope of the Code to all preparers of sustainability information. We suggest that the IESBA recognise that it may have to be willing to surrender some sovereignty over that part of the Code that applies to all preparers. Perhaps the IESBA should start by forging, preferably leading, an alliance of the relevant international organisations, underpinned by a memorandum of understanding (MOU), that commits to the shared development of some overarching principles. These principles might need to be separate from the Code but then integrated into it.

HKICPA - Hong Kong Institute of Certified Public Accountants

We note that Chapter 4 of the ED-IESSA imposes requirements only on PA practitioners, while non-PA practitioners are encouraged but not obligated to comply with the same requirements. While we note the IESBA's intention to develop ethics standards for sustainability reporting that will apply to all preparers of sustainability information instead of just to professional accountants as currently proposed, we would like to emphasize that it is important for all preparers to be subject to the same robust ethics standards given that (i) sustainability report preparers are at the forefront of quality reporting and (ii) many sustainability report preparers in the current market are not professional accountants. As such, we suggest that the IESBA coordinate with regulators and global accreditation bodies to (a) promote the consistent use of a global framework of high-quality ethics standards for sustainability assurance as mentioned in Question 1; (b) mandate compliance with specified ethics standards when preparing sustainability reports through legislation/regulation, and (c) provide a high-level timetable outlining the roadmap to manage stakeholders' expectation.

Besides, we suggest that the IESBA continue to engage in consultation and collaboration with a wide range of stakeholders including preparers of sustainability information, investors, regulators and professional bodies, to ensure that the perspectives and needs of different stakeholders are considered when developing the expanded scope of the Code. Such engagement should in particular include the authorities responsible for enforcing such ethical standards on non-PAs.

ICAEW - Institute of Chartered Accountants in England and Wales

60. IESBA may wish to consider exploring potential methods and processes for cross/mutual accreditation of qualifications and professional experience in Sustainability Assurance.
61. IESBA may also wish to play a role in establishing boards/forums with the explicit purpose of establishing shared norms and understanding of implementation

processes between representatives of Sustainability Assurance Practitioners with different backgrounds.

62. In addition to education and training perspectives to establish equivalence in understanding, interpretation and application of the standards, the corporate governance perspective and the potential role of boards in driving the adoption of these standards should be considered.
63. The success of the proposed standards ultimately depends on effective, transparent, and uniform enforcement. We have significant concerns about how this is to be achieved in respect of Sustainability Assurance Practitioners who are not members of a Professional Body with a Code of Conduct and adequate enforcement mechanisms, or who are not subject to mandatory legislative requirements. IESBA should incorporate early and phased implementation reviews of how these standards are being enforced in various jurisdictions into its strategic plans for the near future.
64. We do welcome IESBA's acknowledgement in paragraph 134 of the explanatory memorandum of the need to expand the scope of extant Part 2 to all preparers of sustainability reporting, while recognising it is a much broader strategic matter which will require IESBA's consideration over a longer period of time and discussions with a broad range of stakeholders.

ICAS - The Institute of Chartered Accountants of Scotland

We believe it may be necessary to gauge how the IESSA is accepted by sustainability assurance practitioners in the marketplace, and by jurisdictional regulators, in the first instance before extending the scope of the Code to preparers of sustainability information.

ICPAU - Institute of Certified Public Accountants of Uganda

Comment:

Refer to our comments especially our reservations about enforcement of the standards outside the accountancy profession. We believe that this approach ought to be supplemented with additional resources and training to achieve the desired application of the standards among non- accountants.

IDW - Instutute der Wirtschaftsprüfer (Germany)

The quality of sustainability reports has a key impact on sustainability assurance. Whilst we believe that PAIBs and non-professional accountants who prepare sustainability reports should act to the highest ethical standards, we consider that expansion of the code to all preparers would be a distraction at this stage. IESBA's current focus should be on achieving internal consistency of the Code and with the IAASB sustainability project.

IFAC - International Federation of Accountants

Expanding the scope of the Code to all preparers of sustainability information will raise questions about adoption and implementation. Within the accountancy profession a mechanism for adoption and implementation has been developed over time through the efforts of PAOs and firm networks. It is not clear what mechanisms exist outside of the

accountancy profession nor how developed these may be, meaning that considerable resources for education, training and other initiatives may be required to achieve consistent application by non-PAs. Without this, substantive adoption will be unlikely. Whilst we note that adoption and enforcement is not the mandate of IESBA as a standard setter, we believe lack of enforceability should be considered to maximize genuine as opposed to theoretical reach of the Code. As we have noted earlier, increasing the usability of the Code could lead to broader adoption becoming more favorable, but the language used, and similar factors could currently be a barrier. Further, efforts to extend the application of the Code to stakeholders beyond the boundaries of reasonable adoption, implementation, or enforcement will only serve to diminish the Code's global brand as a high-quality international standard that is widely respected and used around the world.

IICA - Institute of Indonesia Chartered Accountants

Preparation of sustainability information and its assurance involves professional accountants and other professionals who must apply the same professional ethical provisions. This requires communication with the relevant regulators.

IWP - Institut Österreichischer Wirtschaftsprüferinnen

We suggest that IESBA should understand the need and appetite for such expansion before starting the workstream. In our local environment, we don't see preparers of sustainability information outside business, and, based on the experience that professional accountants in business don't even take notice of the existence of the extant Code, we would expect little interest by preparers of sustainability information in business, nor do we see a real need.

JICPA - Japanese Institute of Certified Public Accountants

(Comment)

The Code is essentially a code of ethics for professional accountants, and professional accountants comply with the Code while creating systems to secure its effectiveness, including disciplinary actions for violations. We are concerned that if the IESBA expands the scope of the Code to those who are not professional accountants or sustainability assurance practitioners when a system to secure the effectiveness in complying with the Code has not been sufficiently set up, a situation may arise in which a preparer of sustainability information does not appropriately understand the purpose of the provisions of the Code and superficially claims to comply with the requirements or application material. We believe that such a situation will make it difficult to achieve the IESBA's vision, "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."

Since a professional accountant's mission is to contribute to the development of society by ensuring public trust in financial and non-financial information as a profession, a professional accountant is required to act in the public interest. Therefore, we suggest the IESBA carefully consider whether all preparers of sustainability information other than

professional accountants are required to act in the public interest at the same level as professional accountants from the viewpoint of the diversity of preparers of sustainability information. We also believe that there are various opinions on whether expanding the scope of the Code to all preparers of sustainability information will be beneficial for the public as a whole.

Accordingly, we suggest the IESBA discuss with various stakeholders and carefully consider whether to expand the scope of the Code to all preparers of sustainability information.

MIA-Malaysian - Malaysian Institute of Accountants

We encourage the IESBA to continue engaging with regulators in terms of the approach for its new strategic work stream on expanding the scope of the Code to all preparers of sustainability information. As the field of sustainability reporting is still evolving and growing, it is important for the preparers to be provided with clear ethical guidelines as a foundation to their decision making. At this stage in Malaysia, a regulatory framework for sustainability reporting has yet to be established. The development of ethical guidelines are therefore crucial to lay a foundation for preparers but pave the way for the future development of a regulatory framework.

MIA (Malta) - The Malta Institute of Accountants

We support the view that the high ethical standards applicable to PAs must apply to all preparers of sustainability information (i.e. it must be profession-agnostic).

PAFA - The Pan-African Federation of Accountants

Expanding the scope of the Code to encompass all preparers of sustainability information raises important considerations regarding adoption and implementation. While mechanisms for adoption and implementation have been established within the accountancy profession through the efforts of PAOs and firm networks, it is unclear what mechanisms exist outside of this realm and how developed they are. This uncertainty suggests that significant resources for education, training, and other initiatives may be necessary to ensure consistent application by non-PAs. Without such efforts, widespread adoption is unlikely. Although addressing this issue may not be within IESBA's purview as a standard setter, it's crucial for maximizing the Code's genuine, rather than theoretical, reach. As previously mentioned, enhancing the usability of the Code could make broader adoption more feasible, but current language and other factors may present barriers to this goal.

SAICA - South African Institute of Chartered Accountants

Response:

SAICA is concerned about the level of collaboration required to implement such standards in the case of non-PAs.

IESBA will create more value if they invest in education and training. We recommend the use of reference groups and monitoring assurance activities.

We believe that it will take time to expand the scope of the Code to all preparers of sustainability information, but we do agree that it is in the best interest of the public to go this route.

We also have concerns on enforceability, and it will also be applicable in the case of preparers of sustainability information. For this, we recommend implementation reviews and to assess the “state of play” across the various jurisdictions on a periodic basis.

SOCPA - Saudi Organization for Chartered and Professional Accountants

SOCPA Comments:

SOCPA believes IESBA should develop a clear definition of who would be considered a “preparer” of sustainability information for the purposes of the Code. This definition would need to be broad enough to capture all those who are responsible for the preparation and reporting of sustainability information but narrow enough to be workable and enforceable.

WPK - Wirtschaftsprüferkammer (Germany)

We propose to initiate an outreach to stakeholders, regulators, oversight bodies, non-PA organisations, etc. to enquire whether there is broad demand for it. An important aspect might be whether non-PAs are interested in applying such provisions at all or whether legislators or regulators intend to oblige them to do so.

It should also be taken into consideration that the extant code does not include similar provisions for “all preparers” of financial statements, but only provisions applying to PAIB. Therefore, it should first be determined what persons the term “all preparers” should actually cover and how these provisions can be enforced.

Accounting Firms and Sole Practitioners

Assirevi - Association of Italian Audit Firms

We agree with the objectives of this Work Stream (WS) to explore the extension of impact of the Code to all preparers of sustainability information. The preparers are those who has the primary responsibility and accountability of making available the sustainability information to the stakeholders and expanding the scope of the Code to them is in the public interests. We think that the first step for this WS is to develop a comprehensive reach out program to target large and medium-size companies to gather inputs and comments to amend/improve the current sections of the Code relating to the professional accountant in business.

BDO - BDO International Limited

BDO would like to raise the following for consideration:

It would be important to obtain representation of the different types of preparers of sustainability information into the strategic workstream, also taking into account the size of the organisations they prepare the information for.

IESBA could identify whether there are any professional bodies that sustainability reporting practitioners belong to and could reach out to them to form part of the strategic workstream.

The benefit of complying with the requirements contained in Part 5 of the IESBA Code, insofar it relates to acting in the public interest, would need to be explained and bought into by the workstream. In addition, the practical implications and possible cost of compliance with the requirements would need to be discussed and clearly understood by the strategic workstream members.

The IESBA could also consider facilitating a survey to obtain the views of users of sustainability information, to inform the key focus areas of the workstream.

DTTL - Deloitte Touch Tohmatsu Limited

Deloitte Global supports the IESBA's objective to strengthen the public's confidence in global sustainability assurance and reporting, but it is important for the Board to consider priorities and fully complete this project before undertaking another, especially when considering the other projects that have recently been launched. As mentioned previously, for this proposed standard to be successfully implemented the Board will need to devote considerable resources to develop materials and upskill all users of the IESSA, but particularly those who have not previously used the Code.

In considering the best way to expand the scope of the Code, it is also important to recognize the majority of the individuals involved in the preparation of sustainability information are not accountants and are unlikely to have knowledge or experience with the extant Code. This contrasts with the preparation of financial reporting, which is predominantly performed by professional accountants who have experience with the extant Code. As such, the IESBA should consider that while some who are involved in preparing sustainability information may welcome the structure and guidance of the Code, there is the potential for it to be seen as a barrier to entry for those with no connection to accountancy. As discussed throughout this letter, the Code is extremely complex even without the addition of IESSA, which may discourage firms from adopting and implementing the Code.

It will be important to be mindful of these challenges and engage in stakeholder outreach to gauge the likelihood of adoption beyond the area of sustainability assurance before allocating the resources to the project. If the decision is made to proceed, Part 2 should not be replicated with slight modification for sustainability information, but rather the standard should be truly targeted to the preparation of sustainability information with the recognition for the time it will take to develop a well-developed standard.

EY - Ernst & Young Global Limited

We are supportive of the IESBA's efforts to explore the opportunity to extend the impact of the Code beyond the accountancy profession to all preparers of sustainability information as described in paragraph 135 of the EM. Further, we agree with the IESBA's explanation and rationale in paragraph 134 of the EM that a phased approach is justified, and that more time and discussion will be required to sufficiently explore developing profession-agnostic ethics standards for sustainability reporting.

As this exploratory process continues, we recommend that any future scope expansion be clear, concise and practical and that the IESBA remains aware that any provisions extended to non-PA practitioners may be met with confusion and lack of understanding by the non-PAs, and that this could possibly inhibit effective adoption and/or result in

inconsistent application of the Code. In addition, we believe the IESBA will need to develop a strategic approach to encouraging adoption of the Code by non-PAs. As such, we believe that a transition period will be required to allow for adequate preparation and implementation time by the non-PAs, and we recommend that the IESBA carefully considers the amount and type of educational, NAM, and other support that will be required to be provided to the non-PAs during that transitional period.

GTIL - Grant Thornton International Limited

Scope of Sustainability Reporting Revisions and Responsiveness to the Public Interest

GTIL can see benefits of additional assurance service providers in the marketplace, however assurance services provided by Professional Accountants provides a clear quality differentiator among users of sustainability information subject to assurance. Regarding the ethics and independence requirements, there is a general understanding of how ethics and independence are a requirement for Professional Accountants when delivering assurance services, which adds to the quality of reporting and the respect they maintain in the marketplace.

Recognizing that there are many assurance providers that are not Professional Accountants, the broader public interest is served by a unified understanding and expectation of independence of assurance providers. We believe implementation of the proposed standard will be challenging for sustainability assurance providers that are not Professional Accountants. How will the requirements be monitored or enforced for non-Professional Accountants?

Furthermore, would users of information or the broader marketplace clearly understand that a unified ethics/independence requirements would not necessarily translate to a similarly high level of quality in reporting, which is dependent on the underlying assurance standard(s) utilized and other factors inherent to Professional Accountants (education requirements, training/continuing professional education requirements, systems of quality control, etc.).

KMPG - KPMG IFRG Limited

Given the lack of support from the global sustainability roundtables to expand the scope of extant Part 2, we have no comments at this time.

MAZARS - Mazars Group

Response

We agree with the IESBA decision not to develop profession-agnostic standards for sustainability reporting for use by all preparers of sustainability information at this time, despite the clear benefits of all preparers being subject to robust ethical standards, for the reasons set out in the explanatory memorandum, in particular the challenges around expanding the scope of the Code to non-professional accountants and the time that this might take.

We also agree, in principle, that the IESBA should explore developing profession-agnostic standards for sustainability reporting in the public interest. However, before expending significant time in developing such standards, we suggest that the first stage of any such project should be to assess the feasibility of ensuring their widespread adoption in

jurisdictions around the world, without which there would be little benefit in pursuing new standards.

MOORE - Moore Global Network Limited

The IESBA should work with lawmakers and regulators in the various jurisdictions. This should be in collaboration with the IAASB to ensure that the reporting framework, assurance framework and the ethics standards are released with the same effective date and are adopted at the same time in each jurisdiction that they will be used in.

PwC - PricewaterhouseCoopers International Limited

Overall response: Yes with comments

We believe that it will be important for the Board to seek and consider the views and needs of non-PAs to make sure that requirements of equal rigour can be applied and maintained, but in a manner that will be workable for preparers who may be less familiar with the IESBA Code of Ethics.

We also note that the Code does not address the ethical considerations for non-PA preparers, nor do the proposals in the ED. In our view, it is important that this gap is addressed on a timely basis so that an expectation gap in terms of their ethical responsibilities does not emerge. We support IESBA's plans to address this as part of a future project.

RSM - RSM International Limited

The IESBA could approach its new strategic work stream on expanding the scope of the Code to all preparers of sustainability by revising its Terms of Reference to include all sustainability practitioners rather than those that are PAs. In addition, the IESBA could consider an accreditation for sustainability reporting.

Notwithstanding our concern over the scope and enforceability of the proposed Part 5 of ED-IESSA detailed in question #2, it may be unclear in certain jurisdictions how the applicability of the Code to non-PA preparers of sustainability information would affect the enforcement of compliance with the Code for various reasons, including that the regulators or organisations currently responsible for monitoring and enforcing compliance with the Code may only have authority over PAs. We encourage the IESBA to work with regulators and national standard setters for ethics and independence to understand how the standards will be enforced for non-PAs.

Academia and Research Institutes

AFAANZ - The Auditing and Assurance Standards Committee of the Accounting and Finance Association of Australia and New Zealand

Response:

Yes.

We acknowledge that there are difficulties in the developing profession-agnostic ethics standards for sustainability reporting, due to the lack of enforceability of such standards on non-PAs. We also agree with the proposed IESBA approach to in time extend the impact of the Code beyond the accountancy profession. This is largely due to the threat

that “greenwashing” poses to the relevance of sustainability reports. There is a growing literature on “greenwashing” and the effects it has on sustainability reporting (Vollero (2023), Pendse et al (2023), Moodaley and Telukdarie (2023), Pendse et al (2023) and Free et al (2024)). The lack of profession-agnostic ethics standards for sustainability reporting, from the users of the sustainability reports point, also places more importance on the assurance of sustainability reports and the ethics standards for sustainability assurance. Hence in time and once the proposed International Ethics Standards for Sustainability Assurance Standards are in place the development of profession-agnostic ethics standards for sustainability reporting is advisable. Such ethical standards should be reporting framework neutral to ensure the wide applicability. In the meantime, the Ethics Considerations in Sustainability Reporting Including Guidance to Address Concerns About Greenwashing, issued by IESBA in 2022, is a great resource for preparers of sustainability reports when preparing sustainability information, especially in reference to Fundamental Principles of the Code, identification and management of threats.

DIRC - Deakin University Integrated Reporting Centre

We concur with the IESBA proposing to take the next step and focus on sustainability information with a new work stream to explore developing profession-agnostic ethics standards for sustainability reporting, to commence after the finalisation of this project in 2024.

The Deakin Integrated Reporting Centre would be prepared to conduct research for the IESBA on approaching a new strategic work stream to expand scope of the code to all preparers of sustainability information.

NSU - Nova Southeastern University (Florida)

Question 20: Advice for improvement, rather than opinions, submitted:

- I believe the IESBA should be expanding the scope of the Code to all preparers of sustainability information now, not in the future. I understand the IESBA’s point of view in wanting to implement it for only PAs at the time due to the discussions still needed, but it is evident that public accountants are not the only people working on sustainability assurance engagements. All types of professionals are involved in ESG engagements due to the level of expertise needed for certain environmental, social, or governance topics. For example, I used to work at an accounting firm where the ESG auditors being hired needed to have a background in environmental science. Many people that either study or work with environmental science are not public accountants, yet, those other professionals are auditing these engagements. I believe it is important to implement a code that is applicable to all professions now rather than wait for a situation to happen where the code is then actually needed for all professions. I believe it is better to be thinking about independence and ethics from the creation of these standards especially after seeing all the ethical dilemmas and situations in the accounting world throughout the history of financial reporting.
- To expand the scope of sustainability to all prepares, IESBA can engage with different stakeholders to gather ideas and insight. It could also implement through research to identify the impact of expanding the scope of the code to all preparers.

- In approaching the new strategic work stream, I believe the most critical aspect will be to carefully decide on the members since a cross-functional team spanning numerous professions will ensure the final ethics standards are the most agnostic and adaptable possible. I recommend creating a classification scheme for industries the IESBA supports and identifying key professionals to invite into the workstream. Critical ethical components relating to sustainability will likely be very different in unique industries, as the risks to existing environmental and social spheres will be unique for each industry.

Question 20 – No Specific Comments

Regulators and Oversight Authorities, incl. Monitoring Group members

ACRA - Accounting and Corporate Regulatory Authority (Singapore)

CEAOB - Committee of European Auditing Oversight Bodies

IAASA - Irish Auditing & Accounting Supervisory Authority

IFIAR - International Forum of Independent Audit Regulators

IOSCO - International Organization of Securities Commissions

IRBA - Independent Regulatory Board for Auditors

Our review of Chapter 4, Proposed Revisions to Parts 1 to 3 of the Extant Code to Reflect Sustainability Reporting Considerations for Professional Accountants, was limited to amendments made to Parts 1 and 3, because Part 2 has not been adopted by the IRBA and incorporated into the IRBA Code. We have no comments in respect of these proposed amendments and no responses have been provided to Questions 20 - 23 that relate to this chapter.

PAABZ - The Public Accountants and Auditors Board of Zimbabwe

SGX - Singapore Exchange Limited

UKFRC - United Kingdom Financial Reporting Council

Not at this time. It will depend on the regulatory frameworks that individual jurisdictions put in place to cover sustainability reporting and assurance.

Investors and Other Users

Ceres Accelerator

IAIP - Indian Association of Investment Professionals (CFA Society India)

MSCI - Morgan Stanley Capital International

NBIM - Norges Bank Investment Management

SAAJ - The Securities Analysts Association of Japan

Preparers and Those Charged With Governance

Asma Jan Muhammad

ICFOA - International CFO Alliance

Public Sector Organizations

UNCTAD ARL - UNCTAD's Latin America Regional Alliance

No comments presented.

Independent National Standard Setter

NZAuASB - New-Zealand Auditing & Assurance Standard Board

Response:

No comment. The preparation of sustainability information is outside the XRB's mandate.

Professional Accounting Organizations (PAOs)

CBPS-CFC-IBRACON - Comitê Brasileiro de Pronunciamentos de Sustentabilidade, Conselho Federal de Contabilidade and Instituto Brasileiro de Auditoria Independente

FACPCE - Federación Argentina de Consejos Profesionales de Ciencias Económicas

GAA - Global Accounting Alliance

INCP - National Institute of Public Accountants of Colombia

IPA - Institute of Public Accountants (Australia)

IPA acknowledges the comments provided in paragraphs 133 to 135 of the Explanatory Memorandum to the IESBA IESSA and have no further comments to make at this time.

ISCA - Institute of Singapore Chartered Accountants

KICPA - Korean Institute of Certified Public Accountants

The KICPA supports the ED with no other matter to raise.

MICPA - Malaysian Institute of Certified Public Accountants

Comment:

We have no further comment on this.

NBA - Royal Netherlands Institute of Chartered Accountants

NYSSCPA - New York State Society of CPAs

PICPA - Pennsylvania Institute of Certified Public Accountants

Other Assurance Providers and Accreditation Bodies (non-PAs)

AccountAbility

IAF - International Accreditation Forum

JAB - Japan Accreditation Board

Accounting Firms and Sole Practitioners

BKTI - Baker Tilly International

MU - Muhammad Umar - Mo Chartered Accountants

None

PKF - PKF Global

PKF Global Response: We have no matters to report on this question.

PP - Pitcher Partners Advisors Proprietary Limited

No further comments at this time.

Academia and Research Institutes

NNN - Nada Naufal, Director at the American University of Beirut

NRS - Professor_Nicole_Ratzinger-Sakel

Others

IBA - The International Bar Association

IIA - The Institute of Internal Auditors