

IESBA Sustainability

Question 21 – Agree

Regulators and Oversight Authorities, incl. Monitoring Group members

BAOA - Botswana Accountancy Oversight Authority

Yes, we do agree. The proposals clearly consider the public interest framework characteristics of coherence, relevance, clarity, implementability and enforceability.

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

NASBA agrees that the proposals in Chapter 4 of the Exposure Draft are responsive to the public interest, considering the Public Interest Framework's qualitative characteristics.

PAABZ - The Public Accountants and Auditors Board of Zimbabwe

The PAAB agrees that the proposals are responsive to the public interest.

UKFRC - United Kingdom Financial Reporting Council

Yes.

Investors and Other Users

DIR - Daiwa Institute of Research Ltd

Ans. Yes.

Preparers and Those Charged With Governance

BD - Bruno Dirringer

Q21 : Looks sensible, no strong opinion on my end though.

Public Sector Organizations

UNCTAD ARL - UNCTAD's Latin America Regional Alliance

() I Agree - 60% of respondents

() I am not sure 20% of respondents

() I don't agree (please qualify) 20% of respondents

UNCTAD ARP - UNCTAD African Regional Partnership

100% of the respondents affirmed that the proposals effectively serve the public interest by addressing clarity and conciseness, which will enhance public understanding of the standards and their purpose.

Independent National Standard Setter

APESB - Accounting Professional & Ethical Standards Board (Australia)

APESB agrees that the proposed Chapter 4 of the ED is responsive to the public interest considering the Public Interest Framework's qualitative characteristics.

Professional Accounting Organizations (PAOs)

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

We do agree that the proposals in Chapter 4 of the ED are in the public interest, considering the qualitative characteristics of the Public Interest Framework. This chapter addresses the proposed revisions related to sustainability reporting for parts 1 to 3 of the international code of ethics for professional accountants (including international standards of independence).

The proposed revisions are in line with the approach of the existing Code, the proposed revisions related to sustainability reporting have been developed to be framework-neutral, suitable for use regardless of the underlying framework used to prepare sustainability information, such as the ISSB's IFRS Sustainability Disclosure Standards, the Global Reporting Initiative (GRI) standards and EFRAG's European Sustainability Reporting Standards (ESRS).

BICA - Botswana Institute of Chartered Accountants

Responsiveness to the Public Interest:

Comment

- Agreeing that the proposals in Chapter 4 of the ED are responsive to the public interest, considering the qualitative characteristics outlined in the Public Interest Framework, is crucial for promoting trust and confidence in sustainability reporting.

CAI - Chartered Accountants of Ireland

- We agree the proposals in Chapter 4, Proposed Sustainability Reporting-Related Revisions to Parts 1 to 3 of International Code of Ethics for Professional Accountants (including International Independence Standards), further enhance and evolve the extant Code to meet new demands, are responsive to the public interest, and continue to meet the Public Interest Framework's qualitative characteristics. We refer to our response to question 2 for other concerns we have regarding other Code proposals aligning with the Public Interest Framework.

CPAA - CPA Australia

CPA Australia notes that the proposals in Chapter 4 of the ED appear to be responsive to the public interest, considering the Public Interest Framework's qualitative characteristics.

CPAC - Chartered Professional Accountants Canada Public Trust Committee

Yes, we agree.

ICAS - The Institute of Chartered Accountants of Scotland

Yes – we agree the proposals in Chapter 4 of the ED are responsive to the public interest.

IICA - Institute of Indonesia Chartered Accountants

Yes

IPA - Institute of Public Accountants (Australia)

IPA agrees that the proposals in Chapter 4 are responsive to the public interest. IPA supports the proposed amendments to Parts 1 to 3 of the IESBA Code contained in Chapter 4.

JICPA - Japanese Institute of Certified Public Accountants

(Comment)

We agree that the proposals in Chapter 4 of the ED are responsive to the public interest, considering the Public Interest Framework's qualitative characteristics.

KICPA - Korean Institute of Certified Public Accountants

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

MIA-Malaysian - Malaysian Institute of Accountants

We agree that the proposals are responsive to the public interest.

MICPA - Malaysian Institute of Certified Public Accountants

Comment:

We agree that the proposals in the Chapter 4 of the ED are responsive to the public interest.

SAICA - South African Institute of Chartered Accountants

Response:

SAICA agrees that the proposal is aligned to the public interest.

WPK - Wirtschaftsprüferkammer (Germany)

As far as the proposed changes of Part 2 of the Code is concerned, we do not comment on the requirements for professional accountants in business (PAIB) since German law does currently not allow for PAIB.

As far as the proposed changes in Part 1 and Part 3 are concerned, we agree that they are responsive to the public interest.

Accounting Firms and Sole Practitioners

DTTL - Deloitte Touch Tohmatsu Limited

Deloitte Global agrees that the proposals in Chapter 4 of the ED are responsive to the public interest.

EY - Ernst & Young Global Limited

Yes, overall, we agree that the proposals in Chapter 4 of the ED are responsive to the public interest. We find the proposed updates referencing sustainability are applicable, and the noted examples in the application material allow Parts 1 through 3 of the Code to reflect the considerations for sustainability reporting. Please refer to our responses in questions 22 and 23 with regard to observations and recommendations on the individual examples included in the application materials.

KPMG - KPMG IFRG Limited

We agree the revisions in Chapter 4 are appropriate and responsive to the public interest, subject to our response to question 22.

MAZARS - Mazars Group

Response

We agree that the addition of guidance and examples relevant to Professional Accountants in Business when undertaking sustainability reporting meet the public interest framework characteristics as they are coherent with the extant Code, are clear and concise and their implementation is not a challenge as the proposals are merely guidance and examples.

MOORE - Moore Global Network Limited

Yes, we believe that the proposals in Chapter 4 are responsive to the public interest.

MU - Muhammad Umar - Mo Chartered Accountants

1. a) Yes, the proposals are similar to the ethics and independences standards for audit engagements in the extant code
b) The standards meet both criteria
2. As explained in question 1.

PKF - PKF Global

PKF Global Response: We generally agree that the proposals in Chapter 4 of the ED are responsive to the public interest, considering the Public Interest Framework. However, we cross refer to our response to Q13 with regard to the implementability and enforceability characteristics.

PwC - PricewaterhouseCoopers International Limited

Overall response: Yes, with no further comment

RSM - RSM International Limited

We agree that the proposals in Chapter 4, Proposed Sustainability Reporting-Related Revisions to Parts 1 to 3 of International Code of Ethics for Professional Accountants (Including International Independence Standards), of the ED are responsive to the public interest, considering the Public Interest Framework's qualitative characteristics, including coherence with the overall body of the IESBA standards; relevance, clarity and conciseness of the standards; implementability and enforceability. The proposed added language in Chapter 4 of the ED is largely the same as the extant code, but adds sustainability-related revisions.

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 agree that the proposals in Chapter 4 containing the proposed sustainability reporting-related revisions to parts 1 and 3 of the Code are responsive to the public interest and provide for coherence with the overall body of IESBA's standards as well as the relevance, clarity, and conciseness of the standards as applicable to sustainability reporting leading to maintaining integrity of parts 1 and 3 and the overall Code implementability and enforceability.

DIRC - Deakin University Integrated Reporting Centre

We agree that the proposals in Chapter 4 of the ED are responsive to the public interest, considering the Public Interest Framework's qualitative characteristics.

Question 21 – Agree With Comments

Professional Accounting Organizations (PAOs)

ACCA - Association of Chartered Certified Accountants

Yes, please refer to our response to Q2 above.

We agree in substance that most of the proposals in Chapter 1 of the ED are responsive to the public interest, subject to our responses to the other questions raised, in that there has been a demand for development of an ethical framework for sustainability information which is as least as demanding as the extant Code. However, we note that the sustainability information is qualitative in nature but that the extant Code was developed primarily for quantitative financial information. As noted in 1a) above our outreach highlighted the extant Code is based on and was built on experience of financial orientated thinking (in relation to the preparation and audit of financial reporting) and it is therefore valid to consider whether the same can be applied in relation to the disclosure of sustainability information in all contexts. As noted in 1b) above we consider that non-PAs may need additional implementation guidance or simplified proposals to enable their understanding. This is an important public interest issue that IESBA will need to address in the final standard.

AE - Accountancy Europe

Yes, we agree that extant Parts 1 to 3 of the Code already contain robust ethics standards that can be applied to financial and sustainability reporting. Accordingly, substantive changes to address ethics issues specific to sustainability reporting are not required. However, as the practice evolves, the IESBA may update the Code as necessary.

CAANZ - Chartered Accountants Australia and New Zealand

The proposals in Chapter 4 of the ED, in our opinion, appear to be a reasonable approach when considering the qualitative characteristics of the Public Interest Framework. We agree with the direct considerations (to the Public Interest Framework) made in the ED relating to qualitative characteristics for proposed sustainability reporting-related revisions of coherence, relevance, clarity and conciseness, and implementability and enforceability (paragraph 138) and support that scalability will be considered over time as sustainability reporting and assurance evolves.

However, we do not believe that the scope for the proposals adequately considers the critical role in which sustainability reporting preparers have in the overall sustainability

reporting supply chain. We suggest that addressing the ethical requirements for sustainability reporting preparers will also need to be considered. As noted in our response to question 20, we acknowledge that there are challenges with the proposed standard to cover the range of professionals that will be involved in the preparation of sustainability information, however it will be a critical factor to address for the supporting ethical standard.

CFAR - Chamber of Financial Auditors of Romania

Such provision will support the implementation for different sized enterprises.

We agree that the proposals in Chapter 4 of the ED are responsive to the public interest, but it is necessary to include the definition of Scalability (see Q2).

We agree that the proposals in Chapter 1 of the ED are responsive to the public interest.

We propose to add the definition of scalability:

“Scalability, including the proportionality to the standard’s relative impact on different stakeholders, e.g., how a standard addresses the audit or assurance needs of small and medium sized enterprises (SMEs) as well the needs of complex, listed entities.”

EFAA - European Federation of Accountants and Auditors for SMEs

We agree that the proposals in Chapter 4 of the ED are responsive to the public interest.

We reiterate similar sentiments to those expressed in our response to Q2. The Basis for Conclusions fails to mention the PIF’s qualitative characteristic of scalability that is defined as:

“Scalability, including the proportionality to the standard’s relative impact on different stakeholders, e.g., how a standard addresses the audit or assurance needs of small and medium sized enterprises (SMEs) as well the needs of complex, listed entities.”

We believe this to be fundamental. While we believe on balance that the proposed standard is responsive to this characteristic, we encourage the IESBA to carefully consider whether it thinks this characteristic has been sufficiently considered in the development of the standard.

We agree that the proposals in Chapter 1 of the ED are responsive to the public interest.

The Basis for Conclusions fails to mention the PIF’s qualitative characteristic of scalability that is defined as:

“Scalability, including the proportionality to the standard’s relative impact on different stakeholders, e.g., how a standard addresses the audit or assurance needs of small and medium sized enterprises (SMEs) as well the needs of complex, listed entities.”

We believe this to be fundamental. While we believe on balance that the proposed standard is responsive to this characteristic, we encourage the IESBA to carefully consider whether it thinks this characteristic has been sufficiently considered in the development of the standard. As noted above we have some concerns regarding the emphasis on reasonable as opposed to limited assurance.

ICPAU - Institute of Certified Public Accountants of Uganda

Comment:

We agree that the proposals in Chapter 4 of the ED are responsive to the public interest. However, our reservations about enforcement of the Code especially among non-professional accountants apply here as well.

MIA (Malta) - The Malta Institute of Accountants

In general, MIA agrees that the proposals in Chapter 4 of the ED are responsive to the public interest, when considering the Public Interest Framework's qualitative characteristics. However, in order to promote a level playing field, the application of the IESSA principles and guidance must apply to all practitioners equally whether such practitioners are PAs or not. If non-PAs will be practising within the IESSA framework, and especially if such non-PAs will claim that their work is provided in terms of such framework, then the principles and guidance set out in the IESSA must apply to PAs and non-PAs in the same manner (i.e. it must be profession-agnostic).

SOCPA - Saudi Organization for Chartered and Professional Accountants

SOCPA Comments:

While the revisions aim to enhance clarity and conciseness, SOCPA believes there may still be challenges in ensuring that the standards are accessible to all stakeholders, particularly those outside of the accounting profession. Providing additional guidance or explanatory materials would be compulsory to help address this issue and improve understanding of the ethical considerations surrounding sustainability reporting.

Accounting Firms and Sole Practitioners

BDO - BDO International Limited

BDO agrees that the proposed sustainability reporting-related revisions are responsive to the public interest, considering the Public Interest Framework's qualitative characteristics:

Coherence - BDO agrees with adding only those considerations and examples that are necessary to make Parts 1 to 3 fit for sustainability reporting purposes. BDO also agrees with integrating the texts and not making it a standalone section/s.

Relevance, clarity and conciseness – With regards to relevance and clarity, refer to our recommendations made in question 22 below. With regards to conciseness, BDO agrees with integrating the texts within Parts 1 to 3 of the existing IESBA Code. BDO also believes that it is important for the IESBA Code to remain principles-based, for use on predominantly principles-based engagements.

Implementability and enforceability - In terms of enforceability, BDO foresees no issues or objections. In terms of implementability, BDO would like to again emphasise our concern relating to the proposed independence requirements for value chain entities (see question 13 above). If the proposed independence requirements are implemented, it will result in significantly increased costs to monitor compliance. BDO does not believe that this approach is in the public interest.

PP - Pitcher Partners Advisors Proprietary Limited

We have concerns about the broad range of users of sustainability information (in particular) and how a professional accountant can appropriately consider their needs and relative considerations of materiality. Therefore, whilst we acknowledge the importance of

ethics and support the proposals in principle, the requirements may have unintended consequences with their breadth of application and consideration.

Also, refer to our response to Question 2.

Yes. The proposals are broadly responsive to the public interest. We highlight that a 250 page document does not particularly meet the “conciseness” characteristic. Refer to question 1 for our comments relating to practical application for non-professional accountants.

Academia and Research Institutes

NSU - Nova Southeastern University (Florida)

Question 21: Favorable opinions but with advice for improvement.

- I fully agree that the proposals are responsive to the public interest based on the characteristics described. Coherence is invaluable since the proposal must align with the existing standards and themes of the existing IESBA standards. Furthermore, clarity and conciseness are key since stakeholders need to be able to review the new standards efficiently while having to be able to immediately act upon them without further review. Finally, enforceability is key since this will further drive adoption. ESG matters are becoming more important to all stakeholders in recent years and I believe these proposals respond to them eloquently.
- Yes. However, the framework's effectiveness depends on the implementation and enforcement of appropriate stakeholders. The Public Framework characteristics promote accountability, transparency, and fairness.
- Chapter 4 of the Exposure Draft addresses sustainability reporting. Based on the assertion also cited in question 2 stating “it is of public interest that sustainability assurance practitioners act ethically in order to maintain public trust and confidence in sustainability information that is subject to assurance”, the proposal content is congruent with the public interest for the following reasons:
 - It contains robust standards that address ethical issues, an example is those related to the PAIBs and PAPPS performance of professional activities and services.
 - It is deemed to include relevant and clear standards.
 - It is implementable and enforceable.
- However, I would like to make a few considerations pertaining to the standards applicability. Personally, the implementation of profession-agnostic ethical standards for sustainability reporting, that are applicable to ALL preparers of sustainability information, is the most appropriate approach to ensure that all report preparers, regardless of their background, follow and be held accountable by the same ethical standards. In this context, I disagree with restricting the development of ethical standards for sustainability reporting to Professional Accountants only.

Question 21 – Disagree

Public Sector Organizations

GAO - US Government Accountability Office

The PIF provides a set of qualitative characteristics used by boards to assess a standard's responsiveness to the public interest. There are several characteristics, listed below, that do not appear to be adequately addressed in the proposal.

- Coherence with the overall body of standards, including that requirements addressing the same subject matter are not in conflict.
- Clarity and conciseness to enhance understandability and minimize the likelihood of differing interpretations and thus support proper intended application and facilitate implementation.
- Comprehensiveness through limiting the extent to which there are exceptions to the established principles.
- Implementability and the ability to be consistently applied and globally operable across entities of all sizes and regions, respectively, as well as considerations of the different conditions prevalent in different jurisdictions.

Professional Accounting Organizations (PAOs)

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

Overall response: No.

Detailed comment: Given the immaturity of this area, how broadly sustainability information is defined and the lack of clarity around the value chain, we are concerned that these revisions could have unintended consequences. In addition, we have not had an opportunity to consider whether the proposals could have any unintended consequences when the standards issued by the International Sustainability Standards Board are applied.

ICAEW - Institute of Chartered Accountants in England and Wales

Without an appropriate regulatory framework for Sustainability Assurance Practitioners who are non-PAs, it is difficult to see how the quality, implementability, enforceability, consistency and global application criteria of the PIF can be satisfied.

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.

The points we have raised in our response to question 20 and elsewhere in this response are also relevant to Chapter 4. We have concerns about the language used in the Code creating inaccessibility for unfamiliar users, creating challenges in respect of coherence, clarity and conciseness. There will also be some issues around implementability and potentially enforceability depending upon jurisdiction.

PAFA - The Pan-African Federation of Accountants

As already articulated elsewhere in our response, we are concerned that the language used in the Code may render it inaccessible to unfamiliar users, leading to challenges regarding coherence, clarity, and conciseness. Additionally, there may arise issues pertaining to implementability and potentially enforceability, which could vary depending on jurisdiction.

Question 21 – 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

ESMA - European Securities and Market Authority

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.

SGX - Singapore Exchange Limited

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

AGNZ - Office of the Auditor General of New Zealand

We have chosen not to comment on this question because it relates to the different view we have about the adequacy of the underlying Code.

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

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

No comment.

FACPCE - Federación Argentina de Consejos Profesionales de Ciencias Económicas

GAA - Global Accounting Alliance

HKICPA - Hong Kong Institute of Certified Public Accountants

No specific comments.

IDW - Institute der Wirtschaftsprüfer (Germany)

Given our focus on assurance, we have chosen not to respond to the questions relating to Chapter 4.

INCP - National Institute of Public Accountants of Colombia

ISCA - Institute of Singapore Chartered Accountants

IWP - Institut Österreichischer Wirtschaftsprüferinnen

No.

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

Assirevi - Association of Italian Audit Firms

BKTI - Baker Tilly International

GTIL - Grant Thornton International Limited

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