

**IESBA Sustainability****Question 16 (a) - Agree****Regulators and Oversight Authorities, incl. Monitoring Group members****BAOA - Botswana Accountancy Oversight Authority**

We agree with the provisions and coverage covered for each NAS as each has been clearly elaborated on. There are sufficient risk considerations for both sustainability assurance clients who are PIEs.

**IRBA - Independent Regulatory Board for Auditors**

Yes (with no further comments)

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

NASBA agrees with the coverage of such services and the provisions in the Subsections.

**UKFRC - United Kingdom Financial Reporting Council**

Yes.

**Public Sector Organizations****GAO - US Government Accountability Office**

We agree with the coverage of specific types of non-assurance services (NAS) in subsections 5601 through 5610.

**UNCTAD - UNCTAD's African Regional Partnership**

100% of respondents concurred with the inclusion of Non-Assurance Services (NAS) in the subsections.

**Professional Accounting Organizations (PAOs)****BICA - Botswana Institute of Chartered Accountants**

a) Agreeing with the coverage of services and provisions in Subsections 5601 to 5610 is important for addressing potential threats and maintaining ethical standards in sustainability assurance engagements.

**CAI - Chartered Accountants of Ireland**

Yes, we support these provisions.

**CFAR - Chamber of Financial Auditors of Romania**

We agree with the coverage of such services and the provisions in the Subsections.

**EFAA - European Federation of Accountants and Auditors for SMEs**

We agree with the coverage of such services and the provisions in the Subsections.

We concur with IESBA that the IESSA, instead of including accounting and bookkeeping services, focuses more broadly on the provision of sustainability data and information

services to a sustainability assurance client and consider the provisions to be well articulated and appropriate.

#### **ICPAU - Institute of Certified Public Accountants of Uganda**

We agree with the coverage of the services and the provisions in Subsections 5601 to 5610 as we believe that they provide an insight into acceptable NAS which may be provided by sustainability assurance practitioners to sustainability assurance clients.

#### **IDW - Institute der Wirtschaftsprüfer (Germany)**

Yes.

#### **IFAC - International Federation of Accountants**

These subsections provide useful examples of services, and the sustainability data and information covered in 5601 is particularly useful and will help guide practitioners. Splitting these out from the generalized guidance in 5600 is also helpful and makes the examples easier to use.

#### **IICA - Institute of Indonesia Chartered Accountants**

Yes

#### **IPA - Institute of Public Accountants (Australia)**

IPA generally supports the approach taken by IESBA on providing non-assurance services to sustainability assurance clients.

#### **KICPA - Korean Institute of Certified Public Accountants**

The KICPA supports using the provisions equivalent to the audits of financial statements in Section 5600, because it is appropriate to evaluate and address the threat to independence that can be created by NAS, in the same manner as the audits of financial statements.

#### **MIA Malta - The Malta Institute of Accountants**

MIA agrees that these services need to be considered in line with the provisions of Part 5.

#### **MICPA - Malaysian Institute of Certified Public Accountants**

We have no objection with the coverage of such services and the provision in the Subsections 5601 to 5610.

#### **PAFA - The Pan-African Federation of Accountants**

Yes, we agree with the coverage of such services and the provisions in the Subsections.

#### **SOCPA - Saudi Organization for Chartered and Professional Accountants**

SOCPA agrees that the coverage of specific types of NAS in the proposed subsections is generally comprehensive and addresses several potential areas of conflict in terms of sustainability assurance engagements. The focus on evaluating and addressing any threats created by the provision of these services ensures that the sustainability assurance engagements remain independent and objective.

#### **WPK - Wirtschaftsprüferkammer (Germany)**

We agree with the IESBA's approach.

## **Other Assurance Providers and Accreditation Bodies (non-PAs)**

### **IAF - International Accreditation Forum**

We agree, the rules of accreditation that we follow for NAS have more or less the same approach.

## **Accounting Firms and Sole Practitioners**

### **EY - Ernst & Young Global Limited**

Yes, we agree with the coverage of services such as those described in Subsections 5601-5610.

### **KMPG - KPMG IFRG Limited**

We agree with the examples of NAS.

### **MOORE - Moore Global Network Limited**

The same services that are covered in the NAS provisions in the extant Code are included in subsections 5601 to 5610. Therefore, yes, we are in agreement with the coverage of the services included in 5601 to 5610.

### **MU - Muhammad Umar - Mo Chartered Accountants**

We agree with the coverage of such NAS services.

### **PP - Pitcher Partners Advisors Proprietary Limited**

Yes, we agree with the coverage.

## **Academia and Research Institutes**

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

We agree.

## **Question 16 (a) - Agree With Comments**

## **Regulators and Oversight Authorities, incl. Monitoring Group members**

### **ACRA - Accounting and Corporate Regulatory Authority (Singapore)**

The proposed coverage of the types of services in Subsections 5601 to 5610 is relevant and comprehensive for accountant SAPs. However, there is potential to expand the coverage for services commonly offered by non-accountant SAPs, such as laboratory testing, calibration, inspection, certification and verification services.

It would be beneficial to list relevant services that are prohibited for non-accountant SAPs, similar to the prohibited bookkeeping services for financial auditors. Additionally, guidance to evaluate and mitigate the threat of independence for permissible services would be valuable. These services could include product life-cycle assessments, transition planning (including de-carbonisation), ESG rating services and classification services.

## **Investors and Other Users**

## **DIR - Daiwa Institute of Research Ltd**

Yes. But as immaturity of sustainability reporting, transitional arrangements should be permitted.

## **Public Sector Organizations**

### **UNCTAD - 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

## **Independent National Standard Setter**

### **APESB - Accounting Professional & Ethical Standards Board (Australia)**

APESB is supportive of the IESBA's proposal in Subsections 5601 to 5610, which addresses specific types of non-assurance services and the alignment to the existing Part 4A of the Code.

Stakeholders have raised a concern about the guidance provided in relation to the types of sustainability services that are determined to be “of a routine or mechanical nature” (proposed paragraph 5601.5 A3). Stakeholders thought it would be useful if the examples included more specific information, such as whether the calculation of Scope 1 and Scope 2 Greenhouse emissions or calculation of client-determined metrics would be considered routine and mechanical and, therefore, could be performed for a sustainability assurance client.

## **Professional Accounting Organizations (PAOs)**

### **CAANZ - Chartered Accountants Australia and New Zealand**

Section 5600 is very long so we recommend the IESBA also includes the subsections in the contents page to enable users of the Code to have a holistic view and assist with navigation.

The descriptions of services under subsection 5604 – Tax Services have raised questions as to the inclusion of this subsection. We would encourage the IESBA to include more sustainability-related examples of tax services that would be covered by this section to illustrate its relevance.

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

However, we find that when it comes to specific types of NAS, they have not been adapted enough to sustainability matters (see for example all the NAS around taxation) and seem to be copy-pasted from the NAS related to financial audits.

This creates a confusion about which NAS may create a threat to independence on which engagement, especially in the case where the firm is both the auditor of the financial statements and the sustainability assurance provider for the same client.

It should be made clear that only the NAS related to financial information may create a threat to independence on the audit, and only the NAS related to sustainability may create a threat to independence on the sustainability assurance engagement.

For example, providing bookkeeping services to an audit client may not create a risk on the sustainability assurance engagement for that same client. As presently drafted, the lack of sufficient “customization” and adaptation of the NAS related to sustainability, creates a confusion as to whether the two types of NAS (financial NAS and sustainability NAS) may mutually create a threat to independence on financial audit and sustainability assurance engagement.

We believe they should clearly be treated in two different silos.

Overall, we find that the NAS section is much too long and much too detailed.

See our comments above on the lack of customization / adaption of the NAS examples to the specifics of sustainability. This is particularly true for all the NAS around taxation which seem almost copy-pasted from these same “financial” NAS.

#### **CPAC - Chartered Professional Accountants Canada Public Trust Committee**

Yes, the PTC agrees with the exclusion of accounting and bookkeeping services and focusing more broadly on the provision of sustainability data and information services to a sustainability assurance client. This aligns with the IESSA's emphasis on offering sustainability data and information services, which could influence the sustainability information evaluated by the firm. Nevertheless, we encourage the IESBA to provide additional application material and training on materiality assessment for non-PAs, who may not be as versed in evaluating materiality in the context of NAS. We think that enhancing understanding in this area will further the public interest.

#### **ICAEW - Institute of Chartered Accountants in England and Wales**

Yes, and in particular with regards to the focus on the potential self-review threats in relation to a Sustainability Assurance Engagement.

However, we consider that proposed new section 5601.2A1 should be more explicit and state that Sustainability Assurance Practitioners must not assume management responsibility.

#### **JICPA - Japanese Institute of Certified Public Accountants**

We agree with the coverage of such services and the provisions in the Subsections.

Paragraph R5600.15 sets out that there is a risk that (a) the results of the service will form part of or affect the records underlying the sustainability information, the internal controls over sustainability reporting, or the sustainability information on which the firm will express an opinion, and (b) in the course of performing assurance work on the sustainability information on which the firm will express an opinion, the sustainability assurance team will evaluate or rely on any judgments made or activities performed by the firm or network firm when providing the service. However, we believe that a sustainability assurance practitioner

who expresses an opinion on some of the sustainability information can provide NAS relating to the sustainability information on which the sustainability assurance practitioner does not express an opinion to a sustainability assurance client who discloses multiple pieces of sustainability information. We suggest the IESBA provide guidance on what situation a sustainability assurance practitioner can provide NAS in compliance with the International Independent Standards in Part 5 appropriately.

### **MIA-Malaysian - Malaysian Institute of Accountants**

Overall, we are supportive of the coverage of services and provisions in the subsections. We would propose that further clarification and guidance can be made as many of these services relate to financial information and may not be relevant in this context and what is being reported (largely non-financial information).

Conversely, we recommend that the NAS provisions should be more profession-agnostic, include services provided by other practitioners and focus on those non-assurance services that are more likely to be relevant in this context. This will depend on the nature of what is being reported. The conceptual framework would then apply to the evaluation of other NAS.

We find that paragraph 5601.3 A1 on "sustainability data and information services" lacks clarity and poses a potential hindrance to benchmarking services that would otherwise be permissible as a "data and information service". It is suggested that the term "sustainability information record keeping or sustainability information preparation" be considered as an alternative.

We agree with the position taken in R5601.6 that whether a "sustainability data and information service" might create a self-review threat is dependent on whether the service "might affect the sustainability information on which the firm expresses an opinion to a sustainability assurance client that is a public interest entity".

### **SAICA - South African Institute of Chartered Accountants**

SAICA agrees as it is the same as assurance.

However, we believe that the coverage of NASs under Part 4 are considered for audit services and by just changing the wordings from audit to sustainability assurance fail to directly link to the NAS that are specific to sustainability reporting. There are different types of new NASs tailored to assist clients on sustainability in the market which may not be easily mapped with the traditional types of NAS currently included in the proposed section 5600.

### **Accounting Firms and Sole Practitioners**

#### **MAZARS - Mazars Group**

We are not clear of the relevance of much of the content of the Tax Services section to sustainability assurance engagements and suggest that this section could be either removed, or significantly reduced in length and complexity. We appreciate that there may be overarching tax service threats (e.g. relating to tax transactions or schemes which may relate to tax avoidance), however it is not clear in what situations tax advice might be relevant to sustainability information. We recommend that this section be revisited to reduce the length and complexity and to focus on areas where tax services may directly impact on sustainability information (e.g. tax advantages related to green projects and funding).

Similarly, we are not clear that Corporate Finance services as included in the draft IESSA is necessarily directly relevant to the sustainability information. We recommend that this section be reviewed to reduce the length and complexity and provide clearer examples of where corporate finance services may directly impact the sustainability information (e.g. advice relating to Green Bonds).

We agree with the proposed coverage of non-audit services and the provisions in Section 5601 to 5610. We agree with the IESBA proposal to replace “Accounting and bookkeeping services” with “sustainability data and information services” and to include estimation, forecasting etc. with valuations in the new category “Valuation, Forecasting and similar services”.

#### **PKF - PKF Global**

We are generally in agreement with the coverage of NAS, and the provisions in subsections 5601 to 5610, except with regard to subsection 5601 on Sustainability Data and Information Services.

In our view the examples of NAS, listed in subsection 5601.3 A1, could be open to interpretation. As part of the exposure process, we encourage the IESBA to keep an open mind on whether the list and descriptions of NAS could be further refined.

#### **RSM - RSM International Limited**

There may be some non-assurance services that may not be as relevant to sustainability information as to an audit (e.g. tax services). It would be helpful for the IESBA to provide examples when these services may apply to or affect a sustainability assurance engagement.

We agree with the coverage of such services and the provisions in Subsections 5601, Sustainability Data and Information Services, and 5610, Corporate Finance Services. We support the focus on self-review threats on sustainability assurance engagements.

In addition, we believe that paragraph 5601.2 A1 of ED-IESSA should be more explicit and state that SAPs cannot take responsibility for management roles, such as those outlined in that paragraph.

#### **Academia and Research Institutes**

#### **DIRC - Deakin University Integrated Reporting Centre**

We agree with the coverage of NAS services in Subsections 5601 to 5610 in addressing specific types of NAS and the provisions in the Subsections. However, we believe that one clarification is needed. In our view ‘valuation services’ is too restrictive a term for the catch all category. We believe that it would be preferable to refer to valuation and other services related to forward-looking information. This will include advisory services in relation to the forward-looking information in:

- disclosures under IFRS Sustainability Standards S1 and S2. Such disclosures will include descriptions of an entity’s governance, strategy and risk management in relation to climate and other sustainability matters; and



- integrated reports. Integrated reports have a holistic description of an organisation's business, including its business model in addition to its governance, strategy and risk management.

## Others

### IBA - The International Bar Association

We note that section 5608 deals specifically with independence considerations that arise where a firm that undertakes an SAE also provides legal services to the same client.

We agree that providing legal services to a sustainability assurance client might create a self-review threat when there is a risk that such services will affect the records underlying the sustainability information, or the sustainability information itself that the firm then expresses an opinion on. We therefore support the inclusion of legal services within the examples of NAS (consistent with section 608 of the existing Code).

With respect to the examples of legal advice set out at section 5608.4 A1, we would suggest elaborating this list to recognise the significant role that lawyers play in helping clients to understand sustainability-related risks and opportunities; understand good practice sustainability reporting and assurance approaches (which may go beyond legislative requirements); install appropriate governance mechanisms for managing sustainability-related risks; and with sustainability strategy and target setting (among other things).

## Question 16 (a) - Disagree

### Independent National Standard Setter

#### NZAuASB - New-Zealand Auditing & Assurance Standard Board

We consider that the sub-sections on NAS are repetitive and include limited sustainability related services. We recommend that subsections 5601 to 5610 be removed. This will significantly reduce the length of Part 5.

We encourage the IESBA to start with a principles-based approach to NAS and that the provisions in Section 5600 (for example, the "self-review threat prohibition," determination of materiality as a factor, and communication with TCWG) are sufficient.

We recommend that non-authoritative guidance be developed to explore application to sustainability related services and include broader issues that might create threats to independence in the sustainability context. For example:

A service of calculating greenhouse gas emissions factors (greenhouse gas emissions factors are used for calculating greenhouse gas emissions by organisations). These factors may be developed for a third party, may be used by many reporting entities, and may be verified by other practitioners. It could be helpful to see what type of NAS category this service falls into and what threats arise or what safeguards, if any, may reduce the threat to an acceptable level.

The inclusion of tax services section has been queried given tax is thought of as financial information and the connection or threats created are not immediately apparent. We support an example of this nature given carbon tax legislation and carbon tax preparation



services. We recommend that the IESBA develop a case study of the type of tax services that might create a self-review threat to illustrate the relevance to sustainability assurance practitioners.

### **Professional Accounting Organizations (PAOs)**

#### **AE - Accountancy Europe**

No, we disagree with covering specific types of NAS and believe that overarching principles set under Section 5600 should be sufficient (for example, see our suggestion related to the self-review threat prohibition in response to Question 15).

Subsections 601-610 of the extant Code had been developed as response to evolving practices and needs with regards to financial statements audit. As the sustainability reporting and assurance practices mature, IESBA could consider adding subsections to the Code to address ethical considerations for various type of services provided by SAPs.

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

Overall response: No.

Detailed comments: Given the immaturity of this area and how broad sustainability information is defined, we are concerned that these revisions could have unintended consequences.

We are concerned that section 5601 is too broad in that it may be applicable to services outside of those recordkeeping services that are subject to the sustainability assurance engagement. We believe this is an impact of the overly broad definition of sustainability information as explained in response to question 3.

#### **CPAA - CPA Australia**

CPAAustralia notes that subsections 5601 to 5610 are broadly consistent with Part 4 of the Code. However, as noted previously, we are concerned that in the aim for equivalency, the provisions in Part 5 do not have an appropriate context.

#### **ICAS - The Institute of Chartered Accountants of Scotland**

We question whether there is a need for all the different types of services included within Subsections 5601 to 5610, as many may not be applicable to sustainability assurance providers as they are finance related, while there could be other services that are more applicable.

#### **IWP - Institut Österreichischer Wirtschaftsprüferinnen**

No, we disagree with covering specific types of NAS and believe that overarching principles set under Section 5600 should be sufficient.

For example, Paragraph R5600.17 sets a general requirement that the sustainability assurance provider shall not provide a non-assurance service to the same entity that is a PIE if the provision of that service might create a self-review threat. This is redundantly repeated for specific types of NAS without adding value.

We also note that the spectrum of NAS specifically mentioned in the extant Code has been developed in response to evolving practices and needs for financial audits. Sustainability

reporting practices are only beginning to evolve. We suggest that IESBA considers to add requirements for specific NAS provided by sustainability assurance providers over time.

## **Accounting Firms and Sole Practitioners**

### **BDO - BDO International Limited**

BDO disagrees, with the following additional comments:

The coverage of NASs under Part 4A was developed specifically with the provision of audit services in mind and exactly the same NASs have now been covered for sustainability assurance purposes. The threats to independence cannot be assumed to be exactly the same for both audit/review and sustainability assurance engagements. Section 5600 fails to cover NASs which are specific to the sustainability industry. In the market, there are different types of new NASs tailored to assist clients with sustainability, which may not easily be mapped to the traditional types of NAS currently included within proposed Section 5600.

However, BDO questions whether the provision of the same types of NAS will impact the sustainability reporting on which the firm expresses an opinion. There are different types of new NAS which are tailored to assist clients with sustainability.

For example:

Under Subsection 5601 Sustainability data and Information Services the impact when providing accounting and bookkeeping services to an audit client may be different to the impact when providing sustainability data and information services to a sustainability assurance client.

A bookkeeping service is a process to assist the client with the day-to-day recording of the financial transactions and financial information pertaining to a business. It ensures that the accounting records for each individual financial transaction are correct, up-to-date and comprehensive. Accounting is the process of interpreting, classifying, analysing, summarising and reporting financial data collected during the bookkeeping stage, which involves judgement. Both bookkeeping and accounting services are well defined terms.

There is no clear definition of sustainability data and it is therefore difficult to fully understand what 'Sustainability Data and Information Services' refer to or cover, even with the examples given in 5601.3.A1.

Furthermore, under R5601.6 'A firm or a network firm shall not provide sustainability data and information services that might affect the sustainability information on which the firm expresses an opinion to a sustainability assurance client that is a public interest entity.' It is not clear what is meant by 'might affect' and it is not easy to understand.

The above is only one example to illustrate the difficulty to determine the exact scope of the NAS that the proposed standard is referring to, in order to consider its potential impact on independence with regards to the sustainability assurance engagement.

For subsection 5603 Valuation, Forecasting and Similar Services, it is too general to use the term 'similar services' and this term may be subject to different interpretations by different parties (including the client, a PA, a Non PA and Regulators).

Sustainability Tax Services (subsection 5604) is a new kind of tax service, which may include services to assist clients to reach their sustainability goals, by designing tax

frameworks and risk management methodologies to accelerate their transition, to decarbonise their supply chain, and to genuinely 'green' their business operations. However, the tax services covered under Subsection 5604 are the same as those related to audit and review engagements and it is difficult to link them directly to how they will affect independence with regards to sustainability assurance engagements.

Recommendation:

There should be guidance on the services offered by the practices of non-PA practitioners, as their service offerings could be very different from those offered by a PA practice.

#### **DTTL - Deloitte Touch Tohmatsu Limited**

Deloitte Global agrees that Part 5 should include the independence requirements that apply to both the sustainability assurance engagement and other services provided to the same sustainability assurance client.

However, as discussed in Question 15 the determination of a self-review threat in the provision of a non-assurance service to a sustainability assurance client should be limited to whether the service affects the subject matter information which subsequently becomes the subject matter information of a sustainability assurance engagement. As noted previously, the proposed IESSA would benefit from less mirroring of Part 4A and include more relevant examples and guidance specific to sustainability assurance engagements, such as examples and guidance as to the type of non-assurance services that may prevent the sustainability assurance practitioner from performing assurance over the subject matter information. There are also various categories of non-assurance services that may create threats in the context of an audit that do not in the context of a sustainability assurance engagement (such as the preparation of tax returns) and should not be included in the subsection.

#### **GTIL - Grant Thornton International Limited**

Sustainability is an emerging area and the non-audit services performed for sustainability assurance clients is also emerging and developing. For this reason, we do not agree with IESBA's approach to lift the requirements from section 600 in the Code for non-audit services provided to financial statement audit clients and include them in the proposed standard.

The provision of NAS in section 600 has been developed for what is relevant to financial statement audits and the impact of such services have on the financial statements.

The approach taken by the Board does not reflect the nuances of sustainability services and may fail to capture future services that are becoming more prominent.

Therefore, we recommend the Board consider providing more practical examples of sustainability services and their impact on independence.

#### **PwC - PricewaterhouseCoopers International Limited**

No, with comments below

We acknowledge that there has been some limited tailoring of Section 600 in Part 4A for this purpose.

However, as noted in our response to Q1, we question the need to include the full range and scope of services that are covered in Part 4A. Many of these relate to services that might underpin financial information and may not be relevant in this context and what is being reported (largely non-financial information). Corporate finance services and litigation support services are good examples.

Conversely, and referring to our earlier comments about the importance of accessibility of the IESSA to non-PA assurers, we recommend that the NAS provisions should be more profession-agnostic, include services provided by other practitioners and focus on those non-assurance services that are more likely to be relevant in this context. The sustainability reporting requirements drive a new and varied range of reporting topics and will give rise to new and novel services. Examples would include engineering/decarbonisation consulting, since the measures taken by the company to reduce CO2 emissions need to be reported within the sustainability report. The conceptual framework would then apply to the evaluation of other NAS.

An additional benefit of this approach would be to also help reduce the complexity and length of the standard, again supporting improved accessibility of the standard on a profession agnostic basis

#### **Question 16 (a) - No Specific Comments**

##### **Regulators and Oversight Authorities, incl. Monitoring Group members**

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

PAABZ - The Public Accountants and Auditors Board of Zimbabwe

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

BD - Bruno Dirringer

ICFOA - International CFO Alliance

## **Public Sector Organizations**

AGNZ - Office of the Auditor General of New Zealand

## **Professional Accounting Organizations (PAOs)**

ACCA - Association of Chartered Certified Accountants

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

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

HKICPA - Hong Kong Institute of Certified Public Accountants

INCP - National Institute of Public Accountants of Colombia

ISCA - Institute of Singapore Chartered Accountants

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)**

AA - AccountAbility

JAB - Japan Accreditation Board

## **Accounting Firms and Sole Practitioners**

Assirevi - Association of Italian Audit Firms

BKTI - Baker Tilly International

## **Academia and Research Institutes**

NNN - Nada Naufal Director at the American University of Beirut

NRS - Professor Nicole Ratzinger-Sakel

NSU - Nova Southeastern University

## **Others**

IIA - The Institute of Internal Auditors

## **IESBA Sustainability**

### **Question 16 (b - No proposal)**

#### **Regulators and Oversight Authorities, incl. Monitoring Group members**

##### **BAOA - Botswana Accountancy Oversight Authority**

There are none of which we are aware.

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

NASBA has not identified any other NAS that Part 5 should specifically address in the context of sustainability assurance engagements.

##### **UKFRC - United Kingdom Financial Reporting Council**

Those covered are sufficient.

#### **Investors and Other Users**

##### **DIR - Daiwa Institute of Research Ltd**

No.

#### **Public Sector Organizations**

##### **UNCTAD - UNCTAD's African Regional Partnership**

No additional comments were offered by respondents regarding other NAS within the scope of sustainability assurance engagements.

#### **Professional Accounting Organizations (PAOs)**

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

We are certain that during the actual application to sustainability assurance engagements other NAS will emerge that are deemed necessary to consider in the context of sustainability assurance engagements, at this time we have not identified to cite.

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

Overall response: No, not at this time.

##### **CAANZ - Chartered Accountants Australia and New Zealand**

We are not aware of any other NAS that Part 5 should specifically address in the context of sustainability assurance engagements that are not already covered by one of the proposed subsections.

##### **CAI - Chartered Accountants of Ireland**

We have not identified any other NAS that should specifically be addressed; however, this is an area that may need to be revisited as the sustainability reporting and assurance landscape evolves and other typical NAS services become apparent.

##### **CFAR - Chamber of Financial Auditors of Romania**

We do not believe there are any other NAS that should be addressed.

### **CPAA - CPA Australia**

There are no other non-assurance services that CPA Australia recommends should be specifically addressed in the context of sustainability assurance engagements.

### **EFAA - European Federation of Accountants and Auditors for SMEs**

We do not believe there are any other NAS that should be addressed.

### **ICAS - The Institute of Chartered Accountants of Scotland**

We are not aware of any other NAS at present that should be addressed in Part 5.

However, we believe there would be merit in preparing frequently asked questions post finalisation that would cover matters such as work performed by firms to educate clients on sustainability reporting ahead of them potentially subsequently providing sustainability assurance for the client.

### **ICPAU - Institute of Certified Public Accountants of Uganda**

We have no additional suggestions of other NAS that should be added to the context in Part 5.

### **IDW - Institute der Wirtschaftsprüfer (Germany)**

We urge IESBA to reach out to SAPs to assist them in identifying such services.

### **IFAC - International Federation of Accountants**

There are no other NAS services that we have identified that should be specifically addressed.

### **IICA - Institute of Indonesia Chartered Accountants**

No

### **JICPA - Japanese Institute of Certified Public Accountants**

We have no comment.

### **MICPA - Malaysian Institute of Certified Public Accountants**

We have no further comments.

### **PAFA - The Pan-African Federation of Accountants**

There are no other NAS services that we have identified that should be specifically addressed.

### **WPK - Wirtschaftsprüferkammer (Germany)**

In our view, there are no further NAS to be addressed.

### **Accounting Firms and Sole Practitioners**

### **KMPG - KPMG IFRG Limited**

We agree with the examples of NAS.

### **MOORE - Moore Global Network Limited**



Not at the moment. However, the ESG environment is fast evolving and new NAS threats may come to the fore in the future.

#### **PP - Pitcher Partners Advisors Proprietary Limited**

At this point in time, we don't have any other NAS that Part 5 should specifically address.

#### **Academia and Research Institutes**

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

We do not propose further services to be added to the list,

### **Question 16 (b) - Proposal**

#### **Regulators and Oversight Authorities, incl. Monitoring Group members**

##### **ACRA - Accounting and Corporate Regulatory Authority (Singapore)**

the non-assurance services specified in subsections 5601 to 5610 of the Proposed IESSA do not encompass services commonly offered by non-accountant SAPs.

It would be beneficial to list prohibited services more relevant to non-accountant SAPs and provide guidance for evaluating and mitigating independence threats for permissible services. These services include laboratory testing, product life-cycle assessments, transition planning (including de-carbonisation), ESG rating services and classification services.

##### **IRBA - Independent Regulatory Board for Auditors**

Auditors may be requested to sign-off on the materiality assessment process, especially in the context of double materiality, where the auditor must assure the process followed by the client but not necessarily the outcome of what is deemed material. This creates a fine line between assessing the client's decisions and making decisions on behalf of management, which could threaten the auditor's independence. We therefore recommend that the IESBA provide explicit guidance in this section on how auditors can be involved in the materiality assessment process without compromising their independence or taking on management responsibilities.

#### **Professional Accounting Organizations (PAOs)**

##### **BICA - Botswana Institute of Chartered Accountants**

b) Part 5 should consider addressing any other NAS that are relevant and could impact the independence and quality of sustainability assurance services.

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

Non-PAs often tend to carry a lot of technical certification engagements, often under ISO standards, that may create threats to independence if they also provide sustainability assurance to the same client.

These types of certification engagements do not seem to be captured in the NAS section of the ED.

### **CPAC - Chartered Professional Accountants Canada Public Trust Committee**

Because the examples under subsection 5601 to 5610 primarily stem from the extant Code, we encourage the IESBA to consider engaging non-PAs specifically on this question, and including additional examples of services that are commonly provided by such practitioners to sustainability assurance clients. The PTC recommends that the IESBA continue leveraging its Sustainability Reference Group and NSS, to ensure that jurisdictional differences are also well understood.

### **HKICPA - Hong Kong Institute of Certified Public Accountants**

In addition to the services covered in subsections 5601 to 5610, the IESBA may consider providing guidance to address potential threats arising from:

The provision of sustainability training and capacity building services, given that the growing global demand for sustainability reporting and assurance has raised the need for individuals and organizations to acquire knowledge and expertise in this field.

The provision of materiality assessment services to the client, i.e., assessing which topics are material among all the sustainability information for the client. The client may then establish key performance indicators (KPIs) for the material topics so identified and may request the practitioner to provide assurance on those KPIs.

Providing the above services might or might not create a self-review threat depending on whether the results of the services will affect the records underlying the sustainability information or the sustainability information on which the practitioner will express an opinion. We recommend that the IESBA provide more guidance (e.g. frequently asked questions or case studies) to illustrate the evaluation process and possible safeguards in practical scenarios.

### **ICAEW - Institute of Chartered Accountants in England and Wales**

Yes, and in particular with regards to the focus on the potential self-review threats in relation to a Sustainability Assurance Engagement.

However, we consider that proposed new section 5601.2A1 should be more explicit and state that Sustainability Assurance Practitioners must not assume management responsibility.

We consider that Part 5 could usefully include reference to restructuring services. There may be circumstances in which a corporate restructure might impact on a Sustainability Assurance Engagement; for example, relocation to benefit from different environmental opportunities in other jurisdictions.

We also consider that, for completeness, there should be a section on “General Consulting Services”, with a focus on self-review threats.

### **INCP - National Institute of Public Accountants of Colombia**

Regarding the proposal of the NAS in part 5, we consider that key indicators should be included, e.g., compliance indicators on green bonds or indexed securities covered by

sustainability. Additionally, we suggest considering whether there is a conflict of interest when the firm that structures the issue is the same that evaluates them.

### **SAICA - South African Institute of Chartered Accountants**

No specific examples are provided, however as indicated in our previous response, the proposed NASs should be worded in such a way that in future one can easily map any newly developed NAS with the those to be included in the IESSA.

In addition to fees charged other than audit we recommend Section 410.11.A1 to be updated to include other “general consulting services.”

### **SOCPA - Saudi Organization for Chartered and Professional Accountants**

SOCPA believes one area that may warrant further consideration is in relation to emerging sustainability technologies such as artificial intelligence (AI), machine learning (ML), or big data analytics services. As these technologies become more integrated into sustainability data analysis and reporting, specific guidance on the independence of services related to these advanced technologies would be beneficial. For example, providing AI-driven data analysis or ML-based forecasting could introduce biases or conflict of interests if the firm is involved in the creation, training or evaluation of these systems as well.

### **Accounting Firms and Sole Practitioners**

#### **BDO - BDO International Limited**

BDO confirms that there are other NAS and adds the following comments

Services of professional accountants (and non-accountants) on sustainability may range from business planning, governance, reporting and assurance, to risk assessment and analysis.

As explained above, it is difficult for PAs and non PAs to map the services they provide with regards to sustainability to the traditional NASs which may impact the audit or review of financial statements.

Below are examples of sustainability services provided by networks, to illustrate how the nature and scope of some of the services are different from the traditional NASs:

<https://www.bdo.global/en-gb/microsites/sustainability/services>

Climate change & sustainability services | EY - Global

Environmental, social and governance (ESG) - KPMG Global

Sustainability services | PwC Global

Sustainability and Climate | Deloitte Global

Recommendation:

It is suggested to tailor the NASs under Section 5600 to ensure that both PAs and Non-PAs who perform sustainability assurance engagements can easily identify the potential independence threat/s from the provision of sustainability related NASs stated in Part 5 in an efficient and effective way, thereby minimising professional judgement needed. To focus on specific NASs that might impact independence with regards to sustainability assurance engagements, is also important considering the IESBAs objective that the application of

Part 5 extends to Non-PAs, as they are not familiar with applying the provisions of Part 4A of the IESBA Code.

#### **EY - Ernst & Young Global Limited**

We have no further suggestions of other NAS that Part 5 should specifically address in the context of sustainability assurance engagements. However, many non-PA SAPs are in firms that provide services, software and products in areas traditional PA firms do not, and we encourage the Board to undertake outreach to non-PA SAPs to understand whether a future project should develop requirements and application material in additional areas to support non-PAs in their independence evaluations.

#### **MU - Muhammad Umar - Mo Chartered Accountants**

The extent of including value chain entities will have to be considered.

#### **PwC - PricewaterhouseCoopers International Limited**

The sustainability reporting requirements drive a new and varied range of reporting topics and will give rise to new and novel services. Examples would include engineering/decarbonisation consulting, since the measures taken by the company to reduce CO2 emissions need to be reported within the sustainability report.

#### **RSM - RSM International Limited**

We believe that Part 5 should specifically address restructuring services in the context of sustainability assurance engagements. Restructuring services may be relevant where there is a corporate restructure which could impact a sustainability assurance engagement (for example, relocations in order to benefit from different environmental opportunities in other jurisdictions).

### **Question 16 (b) - No Specific Comments**

#### **Regulators and Oversight Authorities, incl. Monitoring Group members**

**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**

**PAABZ - The Public Accountants and Auditors Board of Zimbabwe**

**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**

**BD - Bruno Dirringer**

**ICFOA - International CFO Alliance**

**Public Sector Organizations**

**AGNZ - Office of the Auditor General of New Zealand**

**GAO - US Government Accountability Office**

**UNCTAD - UNCTAD's Latin America Regional Alliance**

**Independent National Standard Setter**

**APESB - Accounting Professional & Ethical Standards Board (Australia)**

**NZAuASB - New-Zealand Auditing & Assurance Standard Board**

**Professional Accounting Organizations (PAOs)**

**ACCA - Association of Chartered Certified Accountants**

**AE - Accountancy Europe**

**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**

**IPA - Institute of Public Accountants (Australia)**

**ISCA - Institute of Singapore Chartered Accountants**

**IWP - Institut Österreichischer Wirtschaftsprüferinnen**

**KICPA - Korean Institute of Certified Public Accountants**

**MIA Malta - The Malta Institute of Accountants**

**MIA-Malaysian - Malaysian Institute of Accountants**

**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)**

**AA - AccountAbility**

**IAF - International Accreditation Forum**

**JAB - Japan Accreditation Board**

**Accounting Firms and Sole Practitioners**

**Assirevi - Association of Italian Audit Firms**

**BKTI - Baker Tilly International**

**DTTL - Deloitte Touch Tohmatsu Limited**

**GTIL - Grant Thornton International Limited**

**MAZARS - Mazars Group**

**PKF - PKF Global**

**Academia and Research Institutes**

**DIRC - Deakin University Integrated Reporting Centre**

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

**NRS - Professor Nicole Ratzinger-Sakel**

**NSU - Nova Southeastern University**

**Others**

**IBA - The International Bar Association**

**IIA - The Institute of Internal Auditors**