

IESBA Sustainability**Question 10 (a) - Agree****Regulators and Oversight Authorities, incl. Monitoring Group members****BAOA - Botswana Accountancy Oversight Authority**

We support the IIS in Part 5. We do not anticipate any practical issues or challenges regarding the application of proposed section 5405.

CEAOB - Committee of European Auditing Oversight Bodies

In the same vein, the CEOB further supports the IESBA's intention to proceed with addressing matters that have only been covered in a general and overarching way by the proposed assurance standard on sustainability reporting (ED-ISSA 5000) such as group audits, to facilitate alignment between the IESBA and the IAASB on this topic.

IAASA - Irish Auditing & Accounting Supervisory Authority

IAASA further supports the IESBA's intention to proceed with addressing matters that have only been covered in a general and overarching way by the proposed assurance standard on sustainability reporting (ED-ISSA 5000) such as group audits, to facilitate alignment between the IESBA and the IAASB on this topic.

IFIAR - International Forum of Independent Audit Regulators

We further support the IESBA to proceed with addressing matters that have been covered by proposed assurance standard on sustainability reporting (ED-ISSA 5000) only in a general and overarching way such as group audits.

IOSCO - International Organization of Securities Commissions

As certain jurisdictions have sustainability reporting practices that may be subject to mandatory or voluntary assurance involving more than one entity or business unit, we strongly support the IESBA's decision to specifically address group sustainability assurance engagements in its proposed IIS in Part 5.

As part of our statement on the IAASB's Proposed International Standard on Sustainability Assurance (ISSA) 5000, we encouraged the IAASB to develop implementation guidance as it relates to group sustainability assurance engagements to facilitate consistent application of the requirements. We believe the different approaches taken by the Boards related to group sustainability assurance engagements may create further implementation challenges for all practitioners, particularly those who may not have previous experience conducting audits, including group audit engagements, and thereby may not be familiar with the terms and concepts in the International Standard on Auditing (ISA) 600 (Revised), Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors). We therefore encourage the IESBA to coordinate and work with the IAASB as they develop implementation guidance to facilitate the consistent application of the requirements in ED-5000, and the IIS provisions in a group sustainability assurance engagement situation.

UKFRC - United Kingdom Financial Reporting Council

Yes.

Public Sector Organizations

AGNZ - Office of the Auditor General of New Zealand

Yes.

GAO - US Government Accountability Office

We support proposed part 5, section 5405, Group Sustainability Assurance Engagements, addressing group sustainability engagements.

UNCTAD - UNCTAD's Latin America Regional Alliance

I do support - 100% of respondents

Independent National Standard Setter

APESB - Accounting Professional & Ethical Standards Board (Australia)

APESB supports the IESBA's inclusion of independence provisions for group sustainability assurance engagements that are aligned with the provisions applicable to group audit engagements. We believe it is important to have these provisions in place to support the first group of entities applying these provisions. In Australia, these entities will be the largest entities and are likely to have group assurance considerations.

Professional Accounting Organizations (PAOs)

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

We do support that the Part 5 SII, specifically address group sustainability assurance assignments. As to how practice might develop with respect to group sustainability assurance assignments, and what practical problems or challenges you foresee in relation to the application of the proposed Section 5405, only the field application in sustainability assurance assignments will give us details of possible difficulties which, if any, would require revision of the rules already in place then, for the time being we consider it relevant that Part 5 addresses the issue of group sustainability assurance assignments.

BICA - Botswana Institute of Chartered Accountants

-Addressing group sustainability assurance engagements in the International Independence Standards (IIS) in Part 5 is essential. Anticipated practical issues or challenges regarding the application of proposed Section 5405 may include complexities in coordinating independence requirements across multiple entities within a group.

CAI - Chartered Accountants of Ireland

We support addressing group sustainability assurance engagements, and to ensure high standards of ethics that protect the public interest are applied in these engagements.

As the sustainability assurance landscape is evolving, it is difficult at this early stage to anticipate all practical issues or challenges. However, the following come to mind:

- Performing assurance work over sustainability information will involve some similar, but also many different, procedures to assurance work over financial information. While it currently makes sense to base the requirements on existing group audit requirements per ISA 600(R), Special Considerations Audits of Group Financial

Statements (Including the Work of Component Auditors), and Section 405, Group Audits, of the extant Code, it will be necessary to revisit Section 5405 should there be any further developments for groups in the aforementioned requirements or in the proposed ISSA 5000, General Requirements for Sustainability Assurance Engagements.

- Practical ethical challenges may arise in a group sustainability assurance engagement relating to ensuring a consistent basis for assessing independence and objectivity of group or component SAP. This may arise because of different approaches to considering the value chain of group entities, whether group or component SAP is an AP (in which case the extant Code also applies) or a non-AP (in which case only Part 5 may apply and an inconsistent approach to applying the extant Code (see our response to question 4).

CFAR - Chamber of Financial Auditors of Romania

We support the IIS in Part 5 specifically addressing group sustainability assurance engagements.

EFAA - European Federation of Accountants and Auditors for SMEs

We support the IIS in Part 5 specifically addressing group sustainability assurance engagements.

We welcome the inclusion of provisions addressing group sustainability assurance engagements, not least because in the EU the reporting framework requires reporting on a consolidated basis. Furthermore, the VSME ED recommends that undertakings that are the parent of small and medium sized groups prepare consolidated sustainability reports.

We believe that explicitly addressing group sustainability assurance engagements in Part 5 reinforces the premise that the independence standards in Part 5 are equivalent to those for audit engagements in Part 4A and, moreover, that sustainability reporting and assurance is of equal importance to financial reporting and audit.

We believe that sustainability assurance practitioners that are unfamiliar with ISA 600 (Revised), which will include SMPs, will find it especially challenging to fully understand and effectively implement the provisions. The terminology and the concepts will be new to them. Hence, we are encouraged to read that IESBA will consider what implementation support resources, if any, it might commission to facilitate effective implementation of the provisions and will also coordinate closely with the IAASB regarding the IAASB's future considerations in relation to addressing group sustainability assurance engagements.

IICA - Institute of Indonesia Chartered Accountants

Yes

KICPA - Korean Institute of Certified Public Accountants

The KICPA supports the IESBA's views that the IIS in the IESSA should specifically address the requirements applicable to group sustainability assurance engagements, because there should be clear independence requirements applicable to the context of group assurance engagement.

MICPA - Malaysian Institute of Certified Public Accountants

We are supportive of IIS in Part 5, specifically addressing group sustainability assurance engagements.

WPK - Wirtschaftsprüferkammer (Germany)

We support that the IESBA also specifically addresses independence considerations for group sustainability engagements. This seems to be the more important as it is to be expected that the majority of the sustainability assurance engagements in the European Union will relate to the consolidated reporting of groups at least in the first year, i.e. for periods beginning after 31 December 2023. On the other hand, specific performance standards for sustainability assurance engagements have not yet been adopted and the Exposure Draft of ISSA 5000 does not comprehensively deal with group sustainability engagements.

Accounting Firms and Sole Practitioners

EY - Ernst & Young Global Limited

We are supportive of the IIS in Part 5 specifically addressing the independence considerations applicable to group sustainability assurance engagements.

MOORE - Moore Global Network Limited

Yes, we do support the IIS in Part 5 specifically addressing group sustainability assurance engagements. The challenges anticipated would be communication and methodologies used between the lead SAP and the component SAPs, similar to the challenges faced in a group financial audit as set out in ISA600.

MU - Muhammad Umar - Mo Chartered Accountants

Group independence requirements should be applicable to group sustainability assurance engagements and the ones in the proposed standard match the extant provisions so the base is justified.

PP - Pitcher Partners Advisors Proprietary Limited

Except for the points included below, we concur with the proposal as it is consistent with the concept and requirements of a group audit.

There may be challenges to practical implementation where jurisdictions have differential requirements as to who provides the assurance on the sustainability information in one jurisdiction (such as the requirement for the financial statement auditor to provide the sustainability information assurance) which may not be permitted in another jurisdiction. This could become burdensome and result in duplication of effort as a different practitioner may be required to provide assurance over the same sustainability information.

For clarity and guidance purposes we recommend the explanatory memorandum appendix 3 diagram be included within the Code.

Academia and Research Institutes

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

Yes with comments.

We support including group engagements. Otherwise, artificial corporate structures can reduce the effectiveness of reporting and assurance.

Dialogic accounting theory (Manetti et al. 2021) suggests that financial and non-financial aspects of the annual report are interpreted collectively by interested stakeholders. In other words, there is an intersection of information contained in financial statements with the information contained in statements that contain CSR disclosures. From an assurance standpoint, the auditor is responsible for the entire audit: the financial and non-financial information, the work that is completed by them and the work that is completed by an "other" which, although may fall outside the audit team itself, still becomes an integral part of the financial statement audit whether directly or indirectly. In other words, auditors are fully accountable for the entire audit, including the work of others, and the impact this may have on stakeholders (Dillard et al., 2019; Yates, 2019).

Drawing upon the implications of the revised ISA 600 (see: Coram et al. 2021), some of the recommendations made by AFAANZ are potentially useful to IESBA. In particular, we recommend that auditors are ultimately responsible for the conclusions drawn from the work of others, which in a group setting includes the work of component auditors, and in the case of IESBA, it would also include the work of sustainability practitioners. Further, the responsibility of the auditor should not be diminished due to the work being completed by an "other" that falls outside of the group engagement, as the auditor is fully responsible for the group audit opinion.

NSU - Nova Southeastern University

Only two students addressed this question, as below.

I support addressing group sustainability assurance engagements in the International Independence Standards (IIS) in Part 5. However, regarding practical challenges, we anticipate complexities in assessing and managing independence issues, especially in multinational corporations with diverse operations and reporting structures. Clear guidance and robust communication protocols will be essential to navigate these challenges effectively.

Yes, I support the International Independence Standards (IIS) in Part 5 addressing group sustainability assurance engagements. These standards help ensure that independence considerations are appropriately addressed in group engagements, which is important for maintaining objectivity and integrity.

Question 10 (a) - Agree With Comments

Regulators and Oversight Authorities, incl. Monitoring Group members

ACRA - Accounting and Corporate Regulatory Authority (Singapore)

Group sustainability assurance engagements are poised to become widespread, with the increasing adoption of the European Sustainability Reporting Standards and the International Sustainability Standards Board standards. It is therefore necessary to have requirements to identify, evaluate and address threats to independence for group engagements.

Our stakeholders in Singapore have highlighted the following potential practical challenges in applying the proposed Section 5405:

a) Diverse market practices for group sustainability assurance engagements

We have observed varied market practices among SAPs in relation to group sustainability assurance engagements, which mirror the approach and process their clients use to gather data and prepare sustainability reports.

Some clients may adopt a centralised approach by using industry averages, proxies and other information provided by third-party data providers to calculate their Scope 3 emission. Other clients may opt to make qualitative disclosures, rather than quantitative disclosures.

These practices potentially reduce the involvement of component auditors, thus creating a wide gap in practices as compared to SAPs who applied the ISA 600 (Revised)'s approach to conduct group sustainability assurance engagements.

b) The absence of network arrangement for non-accountant SAPs.

Over the years, our accountant SAPs have established networks with firms in different locations to apply the same audit methodology, ethics and independence requirements. Such arrangements make the process of identifying, evaluating, and addressing threats to independence, efficient and effective.

For non-accountant SAPs, the arrangements are more varied. Some firms have chosen to use network arrangements similar to those of accountant SAPs. Others prefer to enter individual associate agreements with their overseas counterparts. These overseas counterparts may not be familiar with the IESBA Code and/or lack a system to gather relevant information to confirm their independence.

To promote a widespread adoption of the Proposed IESSA by non-accountant SAPs, it may be prudent to allow more time for non-accountant SAPs to build their network arrangement, systems and processes. We therefore propose for the requirements to be tiered, commencing with those mirroring Parts 1, 3 and 4B.

There is also an opportunity for the IESBA to collaborate with the IAF and standard setters (e.g. the IAASB and the ISO) to issue implementation guidance in this area, together with the issuance of ISSA 5000 and the IESSA. Such guidance would promote consistent application and facilitate a smooth adoption of the Proposed IESSA.

IRBA - Independent Regulatory Board for Auditors

We welcome the provision of group independence requirements for sustainability assurance engagement in Part 5 and commend the IESBA for embracing the complexities associated with these provisions.

We support maintaining the consistency with group independence requirements for audit engagements. The concepts are familiar to professional accountants and align with existing audit practices as it relates to ISA 600 (Revised).

As there is currently no direct equivalent to ISA 600 (Revised) for sustainability assurance engagements, the challenges are uncertain. Some issues that we did consider included:

- The practicality of applying the concept or requirements of direct supervision and review to sustainability assurance engagements, because in practice the sustainability assurance practitioner may need to rely on information assured by others without the opportunity for direct oversight. It is uncertain, given how fundamental a principle this is in the application of ISA 600 (Revised), if or how the group sustainability assurance practitioner will be able to rely on the work performed by another practitioner without direct supervision and review for the purpose of concluding on the group sustainability assurance engagement.
- Difficulties in ensuring cooperation between different firms within the group engagement, particularly when it comes to sharing information and maintaining confidentiality.
- Non-professional accountants understanding of some of the audit-centric concepts in ISA 600 (Revised).

We offer the following considerations that aim to alleviate these concerns:

- Firm cooperation may be facilitated through:
 - Ensuring equivalence in the requirement for professional behaviour for professional accountants and non-professional accountants to encourage trust between firms within the context of group sustainability assurance engagements. E.g., Not limiting the responsibility to “avoid any conduct that the practitioner knows or should know might affect public trust” to trust in sustainability information only, but also specifically the assurance of sustainability information.
 - Incorporation of requirements and application material equivalent to ISA 600 (Revised) and / or ISAE 3000 (Revised) as it relates to communication between practitioners, into ISSA 5000. Specifically, effective two-way communication, form of communication, timing of communications and access to working papers.
- We reiterate our concurrence with the IESBA’s recognition that assistance with implementation, education and training for non-professional accountants will be necessary to achieve better understanding.

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

NASBA supports the IIS in Part 5 specifically addressing group sustainability assurance engagements; however, NASBA believes that consistency with audit standards and consistency in the use of terminology will assist the practitioner when performing and regulators when providing oversight over group sustainability assurance engagements. While the considerations for group assurance engagements can be challenging for CPAs that are familiar with the concepts under the auditing standards, NASBA questions how non-CPAs will become sufficiently knowledgeable in order to effectively implement and comply.

SGX - Singapore Exchange Limited

Yes, with comments.

The IFRS Sustainability Disclosure Standards (ISSB Standards) require the disclosure of Scope 1 and Scope 2 greenhouse gas emissions for investees that may be excluded from

an entity's consolidated accounting group, including associates, joint ventures and unconsolidated subsidiaries. The sustainability assurance firm engaged for the reporting entity may differ from that of these investees. Please clarify how the proposed requirements in Section 5405 will apply to these investees.

Where the auditor is also the same, or part of the same, sustainability assurance team of the client, please clarify how ISA 600 (Revised) applies.

Investors and Other Users

SAAJ - The Securities Analysts Association of Japan

We basically agree with the following proposal for the independence of group sustainability assurance engagements, which categorizes cases in which the group sustainability assurance firm is able to or not able to direct, supervise and review the work of the component sustainability assurance firm.

In the case where the group sustainability assurance firm is able to do so, Section 5405 Group Sustainability Assurance Engagements applies for independence requirements.

In the case where the group sustainability assurance firm is not able to do so, Section 5406 Another Practitioner Involved in a Sustainability Assurance Engagements for a Single Entity or Group applies for independence requirements.

However, we have the following suggestions for improvement:

With a wide variety of firms performing sustainability assurance engagements, many of which are likely to cross jurisdictional boundaries, there will be differences in independence between the cases where the group sustainability assurance firm is able to or not able to direct, supervise and review the work of the component sustainability assurance firm. Therefore, we suggest that the IESBA encourage the IAASB to include relevant assurance procedures in ISSA 5000 to avoid material differences.

Since the provisions on the independence of group sustainability assurance engagements are too conceptual and difficult to understand only by text, we encourage the IESBA to provide guidance with specific categorization methods and an explanatory memorandum with illustrative examples and diagrams to improve the understandability of preparers, users, and assurance practitioners. In addition, since the IAASB is considering adding requirements and applicable guidelines on group sustainability assurance, mainly with reference to the International Standard on Auditing (ISA) 600, we encourage the IESBA to cooperate with the IAASB in developing guidance and an explanatory memorandum on independence for group sustainability assurance engagements.

Public Sector Organizations

UNCTAD - UNCTAD's African Regional Partnership

95% of the of respondents endorse the proposal for independence considerations in addressing group sustainability assurance engagements.

The dissenting responses highlighted the need for additional considerations, stating, there are likely challenges related to coordination, motivation, and time allocation, which include assessing individual capacity, setting clear expectations, enhancing accountability, improving conflict resolution skills, and conducting evaluations.

Furthermore, the respondent noted that addressing the group outcomes often results in a perceived majority view, reduced creativity and productivity, and a group assuming their thoughts and reasons are evident to others. The response disagreed with the proposal that independence provisions for group sustainability assurance engagements should be aligned with those for group audit engagements in terms of level and objectives.

Professional Accounting Organizations (PAOs)

ACCA - Association of Chartered Certified Accountants

We support the overarching approach to address the independence considerations applicable to group sustainability assurance engagements in the International Independence Standards in Part 5 noting that the relevant provisions in Section 5405 are equivalent to the independence standards applicable to group audit engagements. Appropriate ethics and independence requirements over group sustainability assurance would be in the public interest and in accordance with the expectations of stakeholders such as investors. We note that the IAASB's proposed ISSA 5000, on the other hand, addresses group sustainability assurance engagements only in a general and overarching way. We encourage IESBA to consider the practicality of implementation of the independence considerations applicable to group sustainability assurance engagements by minimizing challenges in application with respect to context, terminology, and complexity.

We support the IIS in Part 5 specifically addressing group sustainability assurance engagements. We note section 5405 includes specific requirements concerning the communication between the group sustainability assurance firm and the component sustainability assurance firms regarding the relevant ethics, including independence, provisions that apply to the group sustainability assurance engagement. We acknowledge the intention to achieve a similar outcome as the provisions outlined in ISA (International Standard on Auditing) 600 (Revised), as referenced in Section 405 of Part 4A of the current Code, regarding communication between the group audit firm and component auditor firms concerning pertinent ethical considerations, including independence, applicable to the group audit engagement. We note from our outreach that there is a concern this might give rise to potential issues in applying the requirements in practice, specifically in obtaining independence confirmation from all components in a large group if the parameters of that group differ to the group in the audit context and with potentially complicated group scenarios.

The IAASB was of the view that it would be inappropriate for ISSA 5000 as an overarching standard to include detailed requirements and guidance for groups. This inconsistency in approach between IESSA and ISSA 5000 needs resolution and we trust that discussions are taking place with IAASB based upon the feedback received on their exposure draft. If requirements are created in this area, they should be developed alongside ISSA 5000. This will help to minimize practical challenges.

CAANZ - Chartered Accountants Australia and New Zealand

We support the International Independence Standards in Part 5 specifically addressing group sustainability assurance engagements due to the entities with mandatory sustainability reporting and assurance requirements likely being part of a group. However,

group sustainability assurance engagement considerations were not explicitly addressed in the IAASB's ED-ISSA 5000. Due to the interoperability between the ED and ISSA 5000, we would need to see what is added to ISSA 5000 to enable us to fully answer this question. At present there is a gap and we are unsure how it is being addressed.

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

We agree in principles that there should be ethical and independence rules dealing with group sustainability assurance engagements. Indeed, in Europe under the CSRD, it will be the most common engagement we will start with.

However, it is difficult to comment on that section not knowing what the assurance standard ISSA 5000 is going to require in terms of group sustainability assurance.

ISSA 5000 did not really transpose the requirements of ISA 600 in the context of group sustainability assurance, and there is a risk of a mismatch between the IESBA and the IAASB requirements for group engagements.

Here again, it is important to coordinate between IAASB and IESBA on common issues.

CPAC - Chartered Professional Accountants Canada Public Trust Committee

The PTC is supportive of the IIS addressing the independence considerations applicable to group sustainability assurance engagements. In line with our earlier comments, we think that there will be practical challenges, similar to those seen in ISA 600 prior to its revision, particularly since non-PAs will not be familiar with many concepts and terminology that have become familiar to PAs (e.g., materiality, control, related party, professional judgment, etc.). We are concerned that this may lead to inconsistent application of the Code and encourage the IESBA to continue to engage non-PAs for the purpose of developing application material, training and other resources that meets their needs.

HKICPA - Hong Kong Institute of Certified Public Accountants

We support addressing group sustainability assurance engagements in the International Independence Standards in Part 5 of the ED-IESSA. In terms of practical issues regarding the application of proposed Section 5405, non-PA practitioners may have difficulty in understanding terminologies such as network firms and components leading to inconsistent or inappropriate application. The lack of understanding may lead to unintentional breaches of those requirements. We recommend that the IESBA develop frequently asked questions or case studies to illustrate the relevant requirements. In addition, we would like to highlight that non-PA practitioners may face challenges when obtaining independence-related information from their network firms as there is currently no established system in place for such information sharing.

ICAEW - Institute of Chartered Accountants in England and Wales

We note that ISSA 5000 does not include consideration of groups. Whilst consideration of groups is a positive aspect of the proposed IESSA, we remain concerned about the scope of divergence between different applicable standards and guidance. We re-iterate the importance of consistency in approach between the various standards and guidance that govern this area.

We remain concerned about the scope of potential divergence from ISSB standards in relation to consideration of components and reiterate the importance of ensuring that definitions and terminology across ISSB, IAASB and IESBA standards are consistent, wherever possible.

We consider it prudent to note that whilst independence standards for groups have been around for a long term in the context of audit, such standards will be new for group sustainability engagements. This will inevitably entail practical challenges and necessitate a period of transitional arrangements before a base level of shared understanding of the requirements can be established by practitioners in this field working across international boundaries and in varying sectors and size of firm operating in this sector.

We are also concerned at the potential for divergence in approach in practice, as regards the implementation of quality management standards and those not applying ISQM standards.

ICAS - The Institute of Chartered Accountants of Scotland

Conceptually we agree with the approach, however there are a number of practical challenges and we have concerns that non-PAs, with no prior knowledge of the Code, will have difficulty in understanding how to apply this in practice.

Period during which independence is required

Paragraph 405.14 A1 'The period during which independence is required' references back to paragraphs R400.30 and 400.30 A1, however there is no equivalent paragraph in Section 5405. We suggest that a paragraph should be included here which references paragraphs R5400.30, 5400.30 A1 and 5400.30 A2, particularly to ease understanding and navigation for non-PAs.

ICPAU - Institute of Certified Public Accountants of Uganda

While we agree with the fact that appropriate ethics and independence requirements should be applied over group sustainability assurance, and also agree to the fact that in the absence of an equivalent ISA 600 (Revised) that caters for group sustainability assurance engagements, Section 5405 aids in closing the gap and thereby providing the necessary guidance. However, we believe that an approach based on ISA 600 (Revised) concepts alone may not be fully practicable, and that proposals would need to take into account the sustainability information specific features of information as well as the requirements of the applicable reporting criteria in this area.

IDW - Institute der Wirtschaftsprüfer (Germany)

Yes, we support IESBA specifically addressing group sustainability assurance engagements. It is important that IESBA's approach is aligned to that of the IAASB's in developing ISSA 5000 further. We therefore urge the two Boards to confer closely in this context.

Furthermore, section 5405 is, even with a good understanding of defined terms, extremely complex, which is potentially detrimental to consistent application.

As pointed out in proposed 5405.2 A2: "A component sustainability assurance firm that participates in a group sustainability assurance engagement might separately issue an

assurance opinion on the sustainability information of the component sustainability assurance client. *Depending on the circumstances, the component sustainability assurance firm might need to comply with different independence requirements when performing assurance work for a group sustainability assurance engagement and separately issuing an assurance opinion on the sustainability information of the component sustainability assurance client for statutory, regulatory or other reasons (emphasis added)*”.

It would be helpful for the IESBA Code to clearly explain in the introduction to this section when – in compliance with the IESBA Code – a group SAP cannot use the work of a component SAP. Sustainability assurance clients may wish to avoid potential duplication of work and costs in engaging SAPs that can serve as component SAPs in a group scenario.

As a general remark, this section is highly complex. Without supporting guidance and further clarification, we believe this will likely not be suitable to foster acceptance of Part 5 by non-PA SAPs, nor consistent application in practice. We support the IESBA working further to address this, as explained in the Explanatory Memorandum accompanying this Proposal.

In addition, in order to understand how the prohibitions listed in 5405.16 A1 are to work in practice, it would be helpful for IESBA to be clear as to the impact of the timing of such services provided in the past and discuss issues such as the extent to which they might result in a prohibition due to a self-review threat.

IFAC - International Federation of Accountants

Appropriate ethics and independence requirements over group sustainability assurance would be in the public interest and in accordance with the expectations of stakeholders such as investors.

The IAASB was of the view that it would be inappropriate for ISSA 5000, as an overarching standard, to include detailed requirements and guidance for groups. This inconsistency in approach between IESSA and ISSA 5000 needs resolution and we trust that discussions are taking place with IAASB based upon the feedback received on their exposure draft. If requirements are created in this area, they should be developed alongside ISSA 5000. This will help to minimize practical challenges.

One particular area of complexity would be around inclusion of the value chain of group entities. It would be difficult to determine where to draw the line if guidance consistent with financial statements audits was introduced in this area. While financial statements auditors would have familiarity with the underlying logic and could seek to apply thought by analogy to the situations, they are familiar with, other practitioners would not be able to do this. As such, there would be a risk of inconsistent application.

IPA - Institute of Public Accountants (Australia)

IPA supports in principle the international independence standards addressing group sustainability engagements for professional accountants in practice. IPA encourages IESBA to continue working with the IAASB with the view to developing supporting materials to assist a consistent application and understanding of these complex requirements. Given the likely complexity of applying these requirements in practice, IPA also suggests this may be an area of focus for IESBA to consider post-implementation feedback from sustainability assurance practitioners.

Further, we note that these requirements may be problematic for non-PAs. It is unclear what standards or guidance will be used by non-PAs that are not subject to applying ISSB reporting standards and/or IAASB assurance standards such as ISA 600 Special Considerations – Audits of Group Financial Statements (including the Work of Component Auditors).

ISCA - Institute of Singapore Chartered Accountants

At this juncture, SAPs shared that sustainability assurance work is usually performed centrally without reliance or use of component teams. SAPs who are PAs support the proposed Section 5405 as they envisage that they will implement the requirements for group SAEs in the same manner as what they currently do on group audit engagements.

On the other hand, SAPs who are non-PAs may not be familiar with the concepts of group audits/SAEs and dealing with components. They will need time to understand proposed Section 5405 and establish group reporting structures or systems to comply with the IESSA.

In Singapore, we understand there are local accreditation requirements for the lead verifier and independent reviewer that provide third-party greenhouse gas verification services. Non-PAs who are familiar with the accreditation process have asked whether the lead verifier and independent reviewer are equivalent to the terms, “engagement leader” and “engagement quality reviewer”, used in the IESSA.

Consistent with our response to Question 1, it is critical for non-PAs to understand how the accreditation concepts compare with those in the IESSA and the extent of work needed to be done to bridge the gap before they can adopt the IESSA. Hence, we propose that IESBA work closely with conformity assessment and accreditation bodies to provide clarity on the similarities and differences between terms and concepts used in the IESSA and relevant conformity assessment and accreditation standards.

JICPA - Japanese Institute of Certified Public Accountants

We support the International Independence Standards in Part 5 specifically addressing group sustainability assurance engagements.

However, we suggest the IESBA keep a constant watch on trends of sustainability assurance practice and consider whether the Code needs to be revised, because the Code might need to be revised as sustainability assurance practice matures, including the development of sustainability assurance standards to address group sustainability assurance engagements. Furthermore, we propose careful implementation of the Code based on the maturity of prevalent practice, including step-by-step implementation of Sections 5405, 5406, 5407 and 5700, which we believe allows for additional flexibility in revising the Code

MIA Malta - The Malta Institute of Accountants

MIA supports the IIS in Part 5 specifically addressing group sustainability assurance engagements. The Institute notes that although the independence provisions applicable to group sustainability assurance engagements are developed in a manner that is consistent with the independence standard for group audit engagements, one should consider that the independence standards for group audit engagements were developed with the

mindset that there is already an auditing standard in place addressing Group Audits (i.e. ISA 600). Whilst the IESBA already acknowledges the need for guidance in relation to group sustainability assurance engagements, there is an urgent need for IESBA to jointly develop with IAASB application material to clarify the requirements for performing assurance over group or “consolidated” sustainability information, including clarification around aggregation risk and scoping decisions in a multi-location engagement to mitigate any threat to professional competence and due care. One should also consider the need to ensure that there is alignment between the requirements of the different standard setters.

MIA-Malaysian - Malaysian Institute of Accountants

We are supportive of the IIS in Part 5 addressing group sustainability assurance engagement as it is likely that the first adopters of these frameworks and standards will be large multinational groups. These groups will therefore require comprehensive independence standards to be able to achieve consistent reporting across their various operations. We are also generally supportive of the proposed defined terms in the context of group sustainability assurance engagements as a matter of consistent application.

While we acknowledge the rationale behind the IESBA's decision to align with familiar terms and concepts for group audits, it is to be noted that the definition of “related entities” is based on the extant Code for audits of financial statements and on financial statement concepts. The same definition may not be a good fit for sustainability assurance engagements, as sustainability information from related entities (such as equity method investees) may not be included in the sustainability reporting for a client. Therefore, applying the same definition across these contexts may not be suitable.

Under this definition, entities over which the client has significant influence but no control, and which are material, are related entities. However, in practice, depending on the scope of the report and each relevant metric or statement to be disclosed, such entities might not contribute information to the sustainability information to be reported or any such information might be immaterial to the report. Therefore, it might not be apparent why independence in relation to such entities is required. In such circumstances, we note that the practitioner would take the facts and circumstances into account in evaluating what might be a technical breach of the standard if it subsequently came to light that the firm has an interest or relationship that would be a breach of the application of the related entity principles in the standard. The Basis of Conclusions might usefully mention this.

At a minimum, we suggest the IESBA consider providing additional application material or practical examples, in particular, illustrating diverse group structures. We would also propose that the IESBA provide further clarity as to which entities are covered by the definitions to avoid actual or perceived conflict with ISSA 5000 as described below.

This proposed definition of “component” appears to exclude value chain entities outside of the controlled group. We note that ISSA 5000 proposes to adopt a broader definition (i.e. aligned with the principles in ISA 600 (Revised)). Consequently, a component could be determined in relation to an entity in the value chain outside of the organisational boundary if its information is material to the entity. We propose that the IESBA and IAASB collaborate and agree upon a common definition of “component” within the context of the assurance standards. We would also propose for the IESBA to consider creating 2 new sub-definitions. For example:

“Group Component” - defined for purposes of aligning with the existing independence concept of “related entity” (i.e., the IESBAs intended scope of Sections 5405 and 5406), and

“Value Chain Component” - defined to specifically identify those entities that are not “group components” and to which the proposed independence requirements in Section 5407 would apply.

Similar consequential changes would also be necessary to the definitions of group sustainability assurance client, group sustainability assurance team and component sustainability assurance firm to incorporate these terms to provide the necessary clarity as to which entities are covered by these definitions.

PAFA - The Pan-African Federation of Accountants

We support the inclusion of specific ethics and independence standards in Part 5 for group sustainability assurance engagements as it aligns with the public interest and meets stakeholders' expectations, particularly investors. However, one notable complexity arises concerning the inclusion of the value chain of group entities. Determining the boundaries in this regard presents a challenge, especially if guidance akin to that in financial statement audits were introduced. While financial statement auditors may apply their expertise to navigate this issue, other practitioners lack this familiarity, raising the risk of inconsistent application.

SAICA - South African Institute of Chartered Accountants

SAICA supports the IIS in Part 5 specifically addressing group sustainability assurance engagements. However, working across various jurisdictions may be a challenge and additional guidance may be required in this regard.

The difficulty of untangling the independence for group sustainability assurance engagements requirements may be difficult for non-PAs. This might lead to incidental non-compliance and might also dissuade assurance activities in unregulated environments if too stringent (should voluntary assurance activities be included in the scope).

SAICA commends the IESBA for coordinating with the (ISSA 5000) as the requirements around groups develops. This is an area where the IAASB plans to make updates / additions since their consultation period and should be kept under review by the IESBA to ensure alignment.

It is expected that the IAASB will bring in further alignment to ISA 600. This highlights that while PAs would be conversant with other standards to look to for guidance such as ISA 600, non-PAs would not have that same source of guidance readily accessible to them in terms of experience and understanding.

As the sustainability assurance landscape evolves, we advocate continuing coordination between the IAASB and the IESBA, to ensure uniformity of auditing and ethics requirements.

SOCPA - Saudi Organization for Chartered and Professional Accountants

SOCPA believes addressing group sustainability assurance engagements in the IIS in Part 5 could enhance clarity and consistency in applying independence requirements across

various assurance engagements. However, practical challenges may arise in implementing proposed Section 5405, particularly regarding communication and coordination between group sustainability assurance firms and component sustainability assurance firms. These challenges might include ensuring effective communication of relevant ethics and independence provisions, as well as coordinating assurance work across different entities within a group. This should be considered in line with the fact that non-PA practitioners who might be part of the components sustainability assurance practitioners might be subject to other professional code of ethics and assurance frameworks which might have not been designed to be applied in accordance with the IESBA's Code.

Accounting Firms and Sole Practitioners

BDO - BDO International Limited

In general, BDO supports the IIS in Part 5 specifically addressing group sustainability assurance engagements. BDO appreciates the parallel that is drawn in the Explanatory Memorandum with ISA 600 (Revised).

Recommendation:

In BDO's view, not extensively addressing group assurance engagements in the Exposure Draft of the IAASB's proposed ISSA 5000, is a significant shortcoming in that Exposure Draft. BDO believes that group assurance engagements should be added to ISSA 5000 before its finalisation and then it can also be used as a basis in finalising the IESSA.

Practical challenges:

Anticipating practical challenges that may arise regarding group sustainability assurance engagements, BDO expects to face the following:

- Knowledge about sustainability assurance differs between countries. In Europe for example, auditors need to upskill quickly, because of the upcoming CSRD regulations, but in other Non-European countries this may not necessarily be the case.
- Where another practitioner whose work the firm intends to use is not under the firm's direction and supervision, it may be challenging to determine whether such practitioner does in fact have sufficient knowledge to perform sustainability assurance procedures at component level and specifically whether such a practitioner does have sufficient knowledge of the relevant ethical requirements, including those related to independence, and is able to identify threats to compliance with the fundamental principles (5300.6 A1).
- It is also uncertain whether the quality management requirements contained in ISQM 1 can be met, if the component assurance practitioner is a non-PA.

MAZARS - Mazars Group

We support and very much welcome the IESBA addressing group sustainability engagements, in contrast to the IAASB approach to group engagements in its assurance standard. As noted in the explanatory memorandum, it is important that independence is addressed to ensure equivalence with those for audits. We note that the IESBA has included some provisions around communication partly as a result of shortcomings in the assurance standard and these are to be welcomed to support high quality group

engagements. We urge the two standards boards to work together to ensure consistency in this important area.

PKF - PKF Global

Conceptually, we are in agreement with the IESBA proposal that the International Independence Standards (IIS) in Part 5 specifically address the independence considerations applicable to group sustainability assurance.

While we are in agreement with the conceptual need for this, we do not agree that the relevant terminologies relating to this matter, as proposed in the IIS (Part 5), are appropriate. This is because ED ISSA 5000 does not use the same terminologies as IIS (Part 5), to describe group sustainability assurance engagements.

In our view, the use of different terminologies between IIS (Part 5) and ED ISSA 5000 to describe group sustainability assurance engagements will lead to confusion, which will increase the risk of inconsistent application of the independence provisions in IIS (Part 5) by sustainability assurance practitioners. In our view, such a risk will be less likely to occur if the terminologies in the IIS (Part 5) and ED ISSA 5000 used for describing group sustainability assurance engagements could be aligned.

PwC - PricewaterhouseCoopers International Limited

Yes, with comments below

In principle, we support the need to address “group” engagements since many reports will be in relation to aggregated information for a group of entities.

We appreciate the IESBA’s rationale for seeking to use the existing audit and related entity concepts for purposes of defining independence requirements, but as noted in Question 1 we have concerns about the application of independence requirements in relation to entities in the value chain (see Questions 12-14).

Sustainability reporting frameworks will define the reporting entity and its reporting boundary. Defining an engagement as a “group engagement”, while reasonable in principle, does need to reflect, therefore, that the reporting boundary for “group sustainability information” may differ from the basis of consolidation for “group financial statements”.

We recognise that IESBA is proposing an approach that, for the purposes of independence, a) recognises that value chain entities are not components and that b) involves different independence requirements and considerations depending on whether an entity is a related entity or an entity in the value chain.

We support this approach for purposes of independence, however, we also understand that the IAASB in ISSA 5000 proposes to adopt a different definition of “component” than IESBA. We believe that defining the term “component” differently may lead to challenges in implementation (as referenced in our cover letter).

Please see our comments in response to question 13 in relation to value chain entities.

RSM - RSM International Limited

We support addressing group sustainability assurance engagements in IIS in Part 5. We also support IESBA's acknowledgement in paragraph 92 of the EM that until the IAASB or

other sustainability assurance standard setters develop more specific standards addressing group sustainability assurance engagements, SAPs might need guidance to consistently apply the provisions in Part 5 applicable to group reporting situations. We highly encourage the IESBA to consider what implementation support resources, if any, it might commission to facilitate effective implementation of the provisions. We also highly encourage that the IESBA work closely with the IAASB regarding the IAASB's future considerations in relation to addressing group sustainability assurance engagements to achieve consistency between ISSA 5000 and the Code.

We believe most issues encountered in applying Section 5405, Group Sustainability Assurance Engagements, of the IESBA Code will be similar issues encountered with applying Section 405, Group Audits, of the IESBA Code. Notwithstanding our concern over the scope of the proposed Part 5 of ED-IESSA detailed in question #2, we believe the following practical issues or challenges may be anticipated in applying Section 5405 of the IESBA Code:

- Consistent implementation among sustainability assurance practitioners, especially many non-PAs due to their lack of sufficient experience with group assurance engagements
- Practical application of properly identifying and applying appropriate procedures for components within the reporting boundary versus value chain entities
- Practitioner's materiality considerations in group sustainability information
- Specific issues regarding various topics
- When the composition of the group per the financial reporting framework is different than the composition of the group per the sustainability reporting framework
- When the group auditor does not direct, supervise or review an individual's work (e.g. individuals from another practitioner)
- Requirements for various types of other practitioners, for example, a service organization's auditor, an individual from another practitioner performing specific procedures or a predecessor practitioner.
- Various criteria for assessing the composition of the group based on the sustainability reporting framework
- Acquisitions, divestitures and other changes in the composition of the group during the year and treatment per the sustainability reporting framework
- Periods during which independence is required when entities in the group have different fiscal year ends.

Others

IBA - The International Bar Association

While we do not wish to make specific comments about the technical aspects of the proposed group SAE provisions in IESSA, we note that (as the Explanatory Memorandum recognises), draft ISSA 5000 does not address group sustainability assurance. While we recognise IESBA's rationale for including group engagements in IESSA, in our view,

inconsistency between IESSA and ISSA 5000 is likely to result in increased complexity and may delay adoption.

We also consider that the group assurance provisions in IESSA are unclear in several respects which may pose challenges for adoption by non-PAs, including legal practitioners: the definition of 'component' should be clearer, and IESSA would benefit from clarification as to how a component and a group is determined, and how components are differentiated from value chain entities. Further, we note the term 'group sustainability assurance firm' is defined, but not 'sustainability assurance firm' and this may give rise to confusion.

We agree with the Explanatory Memorandum that specific guidance on group assurance may be needed, if these provisions are included in the final draft of IESSA.

Question 10 (a) - Disagree

Investors and Other Users

DIR - Daiwa Institute of Research Ltd

In the case of group sustainability assurance engagement, it would be extremely complicated and difficult to trace all the independency because of value chain problem. Actually, ISSA 5000 ED has no explicit reference to group sustainability assurance engagement. IESSA ED should follow this approach of IAASB.

Independent National Standard Setter

NZAuASB - New-Zealand Auditing & Assurance Standard Board

We believe that group assurance engagement considerations will be important in light of upcoming regulatory regimes, including New Zealand's climate reporting, requiring reporting of sustainable information by group entities.

However, we do have concerns regarding the complexity of the proposed requirements.

Interoperability with IAASB's ISSA 5000

We note that the exposure draft of ISSA 5000 did not include group considerations but that the IAASB is working to address group considerations in finalising ISSA 5000. Given the IESBA's and IAASB's different timeframes and stages for developing group considerations, we are unable to comment on how these proposals will work together. We are concerned about the interoperability of the standards. We encourage the IAASB and IESBA to work together to address group considerations holistically. We also encourage the IESBA and the IAASB to align definitions, for example, the definition of components, to reduce complexity. We recommend this section would benefit from additional time and recommend that group considerations might better be addressed in a phase 2 of updating Part 5, developed in tandem with performance standards to be developed by the IAASB.

Complexity of the requirements

The current independence requirements for individuals on a group engagement team from a non-network component audit firm are complex. We have concerns that replicating the same independence provisions for assurance engagements over sustainability information might result in unintended consequences:

- Concentration in the assurance market, as the provisions might discourage current network firms from using non-network assurance practitioners;
- Complexity may deter assurance practitioners from providing group sustainability assurance engagements;
- Inconsistent application due to lack of understanding of the provisions.

We urge the IESBA to consider how the requirements could be simplified or removed from the standard at this time. We encourage the IESBA to address group assurance considerations in non-authoritative guidance in the first instance. This guidance could sit alongside the Code and may be codified in due course.

Professional Accounting Organizations (PAOs)

AE - Accountancy Europe

In principle we agree that the group engagement partner should be responsible for communicating relevant ethics, including independence requirements to component sustainability assurance firm and other practitioners whose work is used for group engagement purposes.

Proposed requirements in Section 5405 were adopted from extant Section 405 which is based on ISA 600, Audits of Group Financial Statements. This section is overly complex. Without supporting guidance and further clarification, it will not be suitable to foster acceptance, nor consistent application in practice, by non-PAs.

Sustainability assurance standards such as IAASB's Exposure Draft ISSA 5000, do not address group engagement considerations in detail. In addition, Section 405 has come into effect recently and audit firms are in the process of applying it. Therefore, we anticipate practical issues and challenges in applying Section 5405. The IESBA could keep high-level requirements in this Section and defer addressing group-specific scenarios until how a group sustainability assurance work should be performed is clarified by the performance standards, such as ISSA 5000.

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

Overall response: No.

Detailed comments: We do not support addressing group sustainability assurance engagements in part 5 because the proposal inappropriately includes performance standards and is being proposed prior to the IAASB's development of such requirements.

With respect to paragraph 86 in the explanatory memorandum, IESBA is equating the concept of group assurance with reporting frameworks that require consolidation. The concept of reporting on group sustainability information frequently addresses involvement of other practitioners in performing assurance procedures on the group sustainability information. A reporting framework can require consolidation without triggering the group assurance procedures relevant to the involvement of other practitioners. This is the case when only one practitioner performs the assurance work over the consolidated reporting entity. Therefore, IESBA's rationale for including these requirements is insufficiently supported.

Nevertheless, we do agree that assurance could be carried out in a group but believe that requirements should be consistent and operable with the assurance standard.

If IESBA chooses to address group sustainability assurance engagement, we have the following additional concerns with the proposal:

IAASB has had only limited discussion about group assurance standards as of the March 2024 board meeting, which included the concept that value chain entities could be part of a group assurance engagement. The IESBA's proposed definition for component excludes value chain entities while during IAASB's March 2024 board meeting, IAASB introduced a definition of component that does not specifically exclude value chain entities. As a result, a value chain entity could be part of the group assurance engagement if IAASB moves forward in this direction. This is a critical inconsistency between the two boards that would significantly contribute to the inoperability of the standards.

As a result of pre-empting the IAASB's ISSA 5000 proposal with group assurance requirements, IESBA is proposing to include performance standards in the code as reflected in paragraphs R5405.3 and R5405.4, for example. For financial statement audits, these requirements are included in the auditing standard. The IESBA code should not include performance standards as discussed further in the "Performance standards should not be included in the code" section of this comment letter.

Our members have expressed that Section 405 has been extremely challenging to implement in financial statement audits. We are concerned that the proposed requirements would be more difficult to implement in a sustainability assurance engagement.

We recommend deferring these requirements until the group sustainability assurance standard is fully developed by IAASB. Once developed by IAASB, IESBA could consider what independence guidance is needed. In the meantime, a more conceptual approach could be developed by IESBA, and strongly encourage coordination with IAASB prior to adoption.

CPAA - CPA Australia

CPA Australia does not support the independence standards in Part 5 addressing group sustainability assurance engagements. It is not appropriate for the IESBA to attempt to address group sustainability arrangements when currently, there are no assurance standards and no direct guidance dealing with group sustainability assurance engagements. Without a point of reference/context, the implementation of the proposed ethics requirements relating to group sustainability assurance engagements is premature.

Furthermore, as noted by the IESBA the adoption and implementation of independence standards by professionals who are not professional accountants will be extremely challenging. In making this point the IESBA notes that education and training is important. This is true. However, this point highlights another significant problem related to the adoption and implementation of the proposed standards by professionals other than professional accountants. That is, the need to devote considerable resources into the development and provision of the necessary education and training.

As the accountancy profession (firms and professional accountancy organisations (PAOs)) provide a significant proportion of the funding of IESBA's standard setting operations, it cannot be expected that those funds will be used to develop education and training which

is focused solely on professionals who are not professional accountants. That is, the IESBA will need to ensure that any education and training materials that it develops is appropriately profession agnostic. Moreover, it would be inappropriate to suggest that firms and PAOs provide funding for education and training for other professionals who are in direct competition with the firms and the members of the PAOs. Alternatively, as IOSCO has encouraged the IESBA to develop professional agnostic standards it seems appropriate that the resourcing needed to develop and provide education and training for professionals who are not professional accountants should come from governments and regulators that comprise IOSCO membership.

FACPCE - Federación Argentina de Consejos Profesionales de Ciencias Económicas

Independence requirements for group audits are based on the revised ISA 600. The ISSA 5000 does not have an equivalent concept to cover the group's sustainability assurance commitments; however, independence requirements are being proposed.

IWP - Institut Österreichischer Wirtschaftsprüferinnen

Proposed section 5405 is highly complex and requires establishing monitoring systems which we understand do not exist to date at potential providers of sustainability assurance that are not traditional audit networks and will take years to be built up.

Extant section 405 for financial audits only recently came into force, and our members report tremendous interpretation and implementation issues especially where component and group auditors do not belong to the same network. We believe that establishing corresponding requirements in a new profession-agnostic standard will neither foster acceptance nor result in consistent application in practice.

We strongly suggest that, for the time being, IESBA should limit this Section to high-level requirements. Performance standards, such as ISSA 5000 or European Sustainability Audit Standards, are expected to provide more detailed guidance on how to perform a group sustainability assurance engagement.

Accounting Firms and Sole Practitioners

Assirevi - Association of Italian Audit Firms

The “consolidation” of sustainability information is different from the concept of consolidation of “component” financial information for group financial statements purposes. In effect, sustainability information may be consolidated or aggregated from the entity's broader value chain and this aspect is specific to sustainability reporting and assurance.

The mere equivalence and translation of ethics and independence standards for group audit engagements without specific requirements and assurance procedures for group sustainability assurance engagements could generate the risk of different approach and inconsistent application of the proposed ethics and independence standards.

Another example of the limits of taking an equivalent approach to the independence standards for audit engagements is that of independence consideration about the “related entities”. Indeed, the definition of “related entities” for the group financial statements purposes is not appropriate for group sustainability assurance. We believe that this definition should be based on the performance requirements for sustainability assurance

engagements to facilitate the assessment of the level of independence threats for this kind of engagements. Is the significant influence-material entity really “related entity” for an assurance engagement of this nature? We do not believe so.

We do not support the proposed approach in the International Ethics Standards for Sustainability Assurance (IESSA). As mentioned above, the reason is related to the lack of a performance standard applicable in the context of group sustainability assurance engagements at present.

We do not believe it is possible for the IESBA to address independence issues without the IAASB previously having developed a performance standard to guide the assurance sustainability practitioner in performing his work.

Specifically, ISSA 5000 provides general principles, but it doesn't outline the specific steps to carry out the work. ISSA 5000 (or a separate standard) should provide more detailed guidance on the work to be carried out to ensure effective and adequate planning and execution of the engagement related to group components, as provided in ISA 600 (Revised).

We believe it is important that the IAASB issues content relating to group sustainability assurance engagements in a further release of the ISSA 5000 or as a separate standard, using ISA 600 as a basis to elaborate these requirements; this is crucial to perform consistent and high-quality assurance engagements in the public interest. We understand the complexity of developing a new standard, in the meantime, it could be helpful having an implementation guidance to perform sustainability group assurance engagements.

In this situation, we'll potentially have different approaches adopted; indeed, professional accountants can use their knowledge of ISA 600 (Revised) in performing assurance engagements on the consolidated sustainability information, although we do not believe it is reasonably sufficient because certain concepts cannot be applied in sustainability assurance engagements.

On the other hand, another assurance practitioner does not have this experience (e.g. they do not know how to evaluate the aggregation process) and we believe the ISSA 5000 is a general principle that doesn't provide insights on how to perform this type of engagements.

This means that we'll have different approaches adopted in practice on group sustainability information and this could lead to inconsistency and can have impact on inefficiency and quality.

We are of the opinion that an assurance engagement in “consolidated” or group sustainability information must have certain characteristics that should be dealt with, such as, for example:

- procedures that the practitioner should perform in the aggregation/consolidation process of sustainability information for groups,
- understanding of the group, its components and the environment,
- sustainability assurance procedure to be performed at components level,
- definition of the responsibility of the group auditor for information obtained from another practitioner that performs an assurance engagement for a group component or for

entities in the reporting entity's value chain, as part of the process to evaluate the evidence obtained,

- definition of the criteria that attribute direction, supervision and review to a group sustainability assurance firm regarding the work performed by another company within the group.

In conclusion, Assirevi believes that until specific performance standards are issued, the IESBA cannot proceed to develop independence principles. In this regard, it is worth noting that independence threats may be different depending on how the assurance is carried out in accordance with performance standards. Therefore, we believe it is essential that the present consultation on the independence principles applicable for sustainability information assurance is repropose when the framework of ISSA 5000 is fully defined, so that its effects on ethics and independence rules can be properly assessed.

Indeed, in the past, IFAC boards have always developed a process characterized by a first step consisting in the identification of auditing standards by the IAASB and by a second step consisting in the IESBA's definition of ethics and independence rules set up in the light of the risks emerging from the activities required to the auditor.

BKTI - Baker Tilly International

Section 5405 Group sustainability assurance engagements

We understand the need to ensure independence in group situations. However the exposure draft of ISSA 5000 does not (yet?) address group situations. The concept of a "component" is not recognized in ED ISSA 5000. We understand that is because the concept of "component" as described in the context of group audits of historical financial information does not readily read across to ESG information compiled in a group situation. It is unhelpful to pursue the concept of component in an ethics and independence setting while not addressing component in an assurance setting. We recommend removing section 5405 at this stage with a view to IESBA and IAASB coordinating their work and re-exposing their conclusions in a coordinated manner.

Extract from the Exposure Draft: R5405.5 Members of the group sustainability assurance team within, or engaged by, the group sustainability assurance firm and its network firms shall be independent of the group sustainability assurance client in accordance with the requirements of this Part that are applicable to the sustainability assurance team.

BTI Comment: The group sustainability assurance firm should also ensure that the other sustainability assurance firm is independent. This should be the responsibility of the group sustainability firm. This should be communicated and documented within the relevant files.

DTTL - Deloitte Touch Tohmatsu Limited

Deloitte Global notes a finalized assurance standard that addresses group sustainability assurance engagements does not currently exist. Having such a standard is essential for determining the corresponding independence requirements. The approach taken in the IESSA to simply replicate the independence requirements for group audits for group sustainability assurance may not be appropriate or comparable in the context of group sustainability assurance. Therefore, Deloitte Global does not support including group sustainability assurance concepts in this initial version of the IESSA until there is a

corresponding finalized assurance standard for group sustainability assurance engagements from the IAASB. This would give stakeholders the opportunity to consider the proposed independence requirements in light of that standard and would be consistent with the approach taken by the IESBA with respect to group audit engagements where the independence requirements for group audits were added to the Code only after the International Standard on Auditing 600 (Revised) was issued.

GTIL - Grant Thornton International Limited

GTIL does not agree with the International Independence Standards in Part 5 that specifically address the independence considerations applicable to group sustainability assurance engagements. The IAASB is still discussing group assurance standards for sustainability engagements.

The proposed independence requirements for group sustainability assurance engagements are equivalent to the independence requirements in section 405 for group audits. The group audit standard in the Code was developed to support the requirements in ISA 600 and the requirements in the group audit standard of the Code may not be appropriate for sustainability assurance engagements.

Therefore, we recommend IESBA wait until the IAASB issues group assurance standards before developing independence requirements for group sustainability assurance engagements, so that the IESBA requirements align to and are supportive of the assurance standards.

KMPG - KPMG IFRG Limited

We are not in support of Part 5 addressing group SAEs at this time. Presently, sustainability assurance frameworks have yet to address the concept of group sustainability assurance in any detail. Therefore, the provisions for groups in Part 5 are based on what group sustainability assurance standards may look like in the future. We do not believe the independence standards should precede the sustainability assurance standards.

Further, implementation of the new Section 405 for group audits, upon which Section 5405 is based, is still in the first year of operation and its implementation took significant effort across firms and their networks. The fact that there is insufficient practical experience to date with the group audit standard for financial statement audits increases the risk of unintended consequences when adding this concept to sustainability assurance.

For example, a consequence of Section 405 is that control and materiality of interest, where there is significant influence but no control, no longer serve to limit the boundaries when identifying threats to independence. If audit work is performed on an underlying account balance at an immaterial equity accounted investee or joint venture for purposes of the group audit, threats to independence must be identified and evaluated. This is regardless of whether the audit work is performed by the group auditor firm or a component auditor firm. Further, in a group audit scenario, as the list of components may change in the course of the engagement and from year to year, audit firms need to navigate through the entities to ascertain which require independence for purposes of the group audit.

Applying the same concept to SAEs would amplify the need to navigate the structure of the group especially since "components" for purposes of an SAE may be different from those for an audit of group financial statements. We support the idea of group sustainability

assurance reporting but not a determination of “components” that mirrors an audit of group financial statements. We also urge the IESBA to consider taking this opportunity to redefine “group audit client” if it were to proceed with group SAEs.

As compared to topics in previous projects taken on by the IESBA, there is no approved or proposed audit or assurance performance standard that Section 5405 takes reference from. The IESBA’s Definition of Engagement Team and Group Audits standard was developed on the framework of ISA 600 (Revised) and other quality management standards. This topic should likewise not precede the performance standard.

While we understand from the March 2024 IESBA Board meeting that the IAASB is contemplating adding high level considerations for group sustainability reporting into ISSA 5000, we also understand the IAASB has been strongly encouraged by its stakeholders to develop a detailed standard on group SAEs at a later date. It is imperative that ethics and independence standards are interoperable with the assurance standard. We therefore urge the IESBA to postpone including Section 5405 in the final Part 5 standard until such time as they can coordinate efforts with the IAASB so that future group sustainability assurance standards and group sustainability assurance independence requirements can be developed in tandem. This will ensure that the standards are interoperable and best support the public interest.

Question 10 (a) - No Specific Comments

Regulators and Oversight Authorities, incl. Monitoring Group members

ESMA - European Securities and Market Authority

PAABZ - The Public Accountants and Auditors Board of Zimbabwe

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

Preparers and Those Charged With Governance

Asma Jan Muhammad

BD - Bruno Dirringer

ICFOA - International CFO Alliance

Professional Accounting Organizations (PAOs)

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

GAA - Global Accounting Alliance

INCP - National Institute of Public Accountants of Colombia

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

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

Others

IIA - The Institute of Internal Auditors

IESBA Sustainability

Question 10 (b)(a) - Agree

Regulators and Oversight Authorities, incl. Monitoring Group members

BAOA - Botswana Accountancy Oversight Authority

(i) We support the independence provision. This will ensure consistency and uniformity in all the assurance engagements.

IRBA - Independent Regulatory Board for Auditors

Yes (with no further comments)

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

NASBA supports the independence provisions applicable to group sustainability assurance engagements be at the same level, and achieve the same objectives, as those applicable to a group audit engagement.

UKFRC - United Kingdom Financial Reporting Council

Yes.

Public Sector Organizations

AGNZ - Office of the Auditor General of New Zealand

Yes.

GAO - US Government Accountability Office

We agree with this approach.

UNCTAD - UNCTAD's Latin America Regional Alliance

I do support - 100% of respondents

Professional Accounting Organizations (PAOs)

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

Yes, we agree that the independence provisions applicable to group sustainability assurance engagements should be at the same level and achieve the same objectives as those applicable to group audit engagements, as provided for in great detail in Section 5405 Group Sustainability Assurance Engagements, that section requires a firm to be independent in performing sustainability assurance work and to apply the conceptual framework for identifying, assessing and addressing threats to its independence and provides specific requirements and relevant application material for applying that framework in performing group sustainability assurance work; we believe that the detailed requirements will significantly facilitate the work of the sustainability assurance practitioner. We consider it very important that the IESBA develops its ED independently of the document that is also being proposed in draft by the IAASB in the construction of its NIAS (International Sustainability Assurance Standards) 5000.

BICA - Botswana Institute of Chartered Accountants

-Supporting that the independence provisions for group sustainability assurance engagements be at the same level and achieve the same objectives as those for a group audit engagement is necessary for ensuring the integrity and reliability of the assurance process.

CAANZ - Chartered Accountants Australia and New Zealand

We support the independence provisions applicable to group sustainability assurance engagements being at the same level, and achieving the same objectives, as those applicable to a group audit engagement.

CAI - Chartered Accountants of Ireland

We support proposals in (i) and (ii) above.

CFAR - Chamber of Financial Auditors of Romania

We support that the independence provisions applicable to group sustainability assurance engagements be at the same level, and achieve the same objectives, as those applicable to a group audit engagement.

CPAC - Chartered Professional Accountants Canada Public Trust Committee

Yes, we agree.

EFAA - European Federation of Accountants and Auditors for SMEs

We support that the independence provisions applicable to group sustainability assurance engagements be at the same level, and achieve the same objectives, as those applicable to a group audit engagement.

ICAS - The Institute of Chartered Accountants of Scotland

Yes – we agree with (i) to (iii) above.

IDW - Institute der Wirtschaftsprüfer (Germany)

Yes. We support consistency.

IICA - Institute of Indonesia Chartered Accountants

Yes

JICPA - Japanese Institute of Certified Public Accountants

We support that the independence provisions applicable to group sustainability assurance engagements be at the same level, and achieve the same objectives, as those applicable to a group audit engagement.

KICPA - Korean Institute of Certified Public Accountants

We believe that, in the context of group sustainability assurance engagement, the level of independence expected by the information user from the firm and assurance engagement team members performing assurance work at group and components would be same as the level of independence expected in the context of audits of group financial statements. The only difference is the information that the firm will express an opinion on; financial statements vs. sustainability information. In this regard, the KICPA supports the proposed independence requirements applicable to group sustainability assurance engagements.

MICPA - Malaysian Institute of Certified Public Accountants

We are supportive of the independence provision applicable to group sustainability assurance engagement be at the same level and achieve the same objective as those applicable to a group audit engagement.

SAICA - South African Institute of Chartered Accountants

We agree that it should be at the same level due to the qualitative characteristics of sustainability assurance engagements as well as the social relevance of sustainability information.

WPK - Wirtschaftsprüferkammer (Germany)

Yes, we agree with the IESBA's approach.

Accounting Firms and Sole Practitioners

EY - Ernst & Young Global Limited

We are supportive of the independence provisions applicable to group sustainability assurance engagement being at the same level, and achieving the same objectives, as those applicable to group audit engagements.

MAZARS - Mazars Group

We support the consistency of independence provisions between group sustainability engagements and audit engagements, given the public interest in sustainability assurance reflected in our response to question 2.

We do, however, agree with the IESBA that these provisions may present challenges for non-PAs and that there will be a need for education and training to support non-PA assurance practitioners in implementing the code.

MOORE - Moore Global Network Limited

Yes

MU - Muhammad Umar - Mo Chartered Accountants

we support and agree with matters raised in b(i) to (iii).

PP - Pitcher Partners Advisors Proprietary Limited

Except for the points included below, we concur with the proposal as it is consistent with the concept and requirements of a group audit.

There may be challenges to practical implementation where jurisdictions have differential requirements as to who provides the assurance on the sustainability information in one jurisdiction (such as the requirement for the financial statement auditor to provide the sustainability information assurance) which may not be permitted in another jurisdiction. This could become burdensome and result in duplication of effort as a different practitioner may be required to provide assurance over the same sustainability information.

RSM - RSM International Limited

We support that the independence provisions applicable to group sustainability assurance engagements be at the same level, and achieve the same objectives, as those applicable

to a group audit engagement in order to be consistent and minimise incremental efforts in procedures at the client level when the same firm is both the financial statement auditor and the SAP.

Academia and Research Institutes

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

As a result, we agree that independence requirements should also apply to a group and with the proposed provisions, requirements and terms.

Question 10 (b)(a) - Agree With Comments

Independent National Standard Setter

APESB - Accounting Professional & Ethical Standards Board (Australia)

Feedback from stakeholders showed support for aligning independence requirements with those applicable to group audit engagements in addressing breaches of independence by a component firm. However, they did raise a concern that it may be challenging for non-professional accountants to understand the independence standards for group engagements and that the IAASB has not published the final ISSA 5000, which might impact the proposed Part 5 of the Code.

The IESBA could consider whether additional guidance or non-authoritative materials on Section 5405 would enhance non-professional accountants' understanding of these requirements.

Public Sector Organizations

UNCTAD - UNCTAD's African Regional Partnership

95% of the of respondents endorse the proposal for independence considerations in addressing group sustainability assurance engagements.

The dissenting responses highlighted the need for additional considerations, stating, there are likely challenges related to coordination, motivation, and time allocation, which include assessing individual capacity, setting clear expectations, enhancing accountability, improving conflict resolution skills, and conducting evaluations.

Furthermore, the respondent noted that addressing the group outcomes often results in a perceived majority view, reduced creativity and productivity, and a group assuming their thoughts and reasons are evident to others. The response disagreed with the proposal that independence provisions for group sustainability assurance engagements should be aligned with those for group audit engagements in terms of level and objectives.

Professional Accounting Organizations (PAOs)

ACCA - Association of Chartered Certified Accountants

We support that the independence provisions applicable to group sustainability assurance engagements be at the same level, and achieve the same objectives, as those applicable to a group audit engagement provided the expectation is that sustainability assurance

engagements will seek to provide reasonable assurance soon. Until this is the case, the requirements may be seen as excessively onerous by non-PAs, which could impact adoption.

ICAEW - Institute of Chartered Accountants in England and Wales

We query whether the provisions of this part are clear enough to be fully understood by non-Professional Accountants. Professional Accountants are able to rely on additional guidance, such as that set out in ISA 600. We consider that for the standard to be applied consistently by both Professional Accountants and non-Professional Accountants, IESBA would need to prepare guidance for non-Professional Accountants that is similar to ISA 600.

ICPAU - Institute of Certified Public Accountants of Uganda

We are generally supportive of the proposal for group sustainability assurance engagements to be at the same level and achieve the same objectives, as those applicable to group audit engagements but in consideration of our comments as raised in Question 1 and Question 10 (a) above

IFAC - International Federation of Accountants

We are generally supportive of consistency in this area, provided the expectation is that sustainability assurance engagements will seek to provide reasonable assurance in the near future. Until this is the case, the requirements may be seen as excessively onerous by non-PAs, which could impact adoption.

MIA Malta - The Malta Institute of Accountants

Although the independence provisions applicable to group sustainability assurance engagements were structured in a manner to be as robust as those applicable to a group audit engagement, in the absence of a specific ISSA addressing group sustainability assurance engagements, it may prove to be difficult to achieve the same objectives on their own.

PAFA - The Pan-African Federation of Accountants

Yes, we support the idea of aligning the independence provisions for group sustainability assurance engagements with those applicable to group audit engagements, as outlined in Section 5405. However, it's important to consider the practical implications, especially for non- Practitioner Accountants (non-PAs), who may find the requirements overly burdensome until sustainability assurance engagements evolve to provide reasonable assurance.

SOCPA - Saudi Organization for Chartered and Professional Accountants

Supporting the equivalence of independence provisions applicable to group sustainability assurance engagements to those for group audit engagements can promote consistency and credibility in assurance practices. However, achieving this equivalence may pose challenges due to the unique nature of sustainability information and assurance engagements compared to financial audits. Ensuring that the independence requirements adequately address the specificities of sustainability reporting and assurance will be crucial.

Accounting Firms and Sole Practitioners

BDO - BDO International Limited

Due to the qualitative characteristics of sustainability assurance engagements, as well as the societal relevance of sustainability information (as explained in paragraph 4 of the Explanatory Memorandum), BDO agrees that the independence provisions should be at the same level.

Recommendation:

It is important to note, that while the application of independence provisions in group audit engagements has been practiced for many years, it may be overly ambitious to expect the same level of application from the outset with regards to group sustainability assurance engagements. Therefore, it may be necessary to approach independence provisions in group sustainability assurance engagements with a degree of caution and adaptability, taking into account the specific circumstances and complexities of each engagement.

PwC - PricewaterhouseCoopers International Limited

Yes, with comments below

In principle, we support the need to address “group” engagements since many reports will be in relation to aggregated information for a group of entities.

We appreciate the IESBA’s rationale for seeking to use the existing audit and related entity concepts for purposes of defining independence requirements, but as noted in Question 1 we have concerns about the application of independence requirements in relation to entities in the value chain (see Questions 12-14).

Question 10 (b)(a) - 3 Disagree

Professional Accounting Organizations (PAOs)

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

Overall response: No.

Detailed comments: We do not support including group sustainability assurance requirements prior to the development of such requirements by IAASB. However, once developed by IAASB, IESBA should consider whether the same level of requirements are appropriate, giving attention to whether modifications are necessary for the differences in a group sustainability assurance engagement versus a group audit.

CPAA - CPA Australia

CPA Australia does not support independence provisions applicable to group sustainability assurance engagements at this point in time.

IWP - Institut Österreichischer Wirtschaftsprüferinnen

Extant section 405 for financial audits only recently came into force, and our members report tremendous interpretation and implementation issues especially where component and group auditors do not belong to the same network. We believe that establishing

corresponding requirements in a new profession-agnostic standard will neither foster acceptance nor result in consistent application in practice.

We strongly suggest that, for the time being, IESBA should limit this Section to high-level requirements. Performance standards, such as ISSA 5000 or European Sustainability Audit Standards, are expected to provide more detailed guidance on how to perform a group sustainability assurance engagement.

Question 10 (b)(a)- 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

PAABZ - The Public Accountants and Auditors Board of Zimbabwe

SGX - Singapore Exchange Limited

Investors and Other Users

Ceres Accelerator

DIR - Daiwa Institute of Research Ltd

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

Files\6. Independent National Standard Setter

NZAuASB - New-Zealand Auditing & Assurance Standard Board

Professional Accounting Organizations (PAOs)

AE - Accountancy Europe

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

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

IPA - Institute of Public Accountants (Australia)

ISCA - Institute of Singapore Chartered 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

KMPG - KPMG IFRG Limited

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

IESBA Sustainability

Question 10 (b)(b) - Agree

Regulators and Oversight Authorities, incl. Monitoring Group members

BAOA - Botswana Accountancy Oversight Authority

(ii) We agree with the proposed requirements under this part. This will enable the group sustainability assurance firm and component sustainability assurance firms to fulfil their responsibilities.

IRBA - Independent Regulatory Board for Auditors

Yes (with no further comments)

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

NASBA agrees with the proposed requirements regarding communication between the group sustainability assurance firm and component sustainability assurance firms regarding the relevant ethics, including independence, provisions applicable to the group sustainability assurance engagement.

UKFRC - United Kingdom Financial Reporting Council

Yes.

Public Sector Organizations

AGNZ - Office of the Auditor General of New Zealand

Yes.

GAO - US Government Accountability Office

We agree with the proposed requirement that the group engagement leader make a component sustainability assurance firm aware of the relevant ethics, including independence provisions that are applicable given the nature and circumstances of the engagement, to help the firm meet its responsibilities in the IIS in part 5.

UNCTAD - UNCTAD's Latin America Regional Alliance

I agree - 100% of respondents

Independent National Standard Setter

APESB - Accounting Professional & Ethical Standards Board (Australia)

APESB agrees with the proposed requirements relating to communication between the group sustainability assurance firm and its components in the group engagements.

Professional Accounting Organizations (PAOs)

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

Yes, we agree with the proposed requirements relating to communication between the group sustainability assurance firm and the group's component sustainability assurance firms regarding the relevant ethics provisions, including independence, applicable to the

group sustainability assurance engagement; we believe that such communication between the aforementioned parties would strengthen public confidence. We also agree that the requirements proposed in Section 5405 are equivalent to the independence standards applicable to group audit engagements, not intended to date to be equivalent to the requirements of ISA 600.

BICA - Botswana Institute of Chartered Accountants

-Agreeing with the proposed requirements regarding communication between the group sustainability assurance firm and component sustainability assurance firms is crucial for maintaining consistency and transparency in the assurance process.

CAANZ - Chartered Accountants Australia and New Zealand

We agree with the proposed requirements regarding communication between the group sustainability assurance firm and component sustainability assurance firms regarding the relevant ethics, including independence, provisions applicable to the group sustainability assurance engagement.

CAI - Chartered Accountants of Ireland

We support proposals in (i) and (ii) above.

CFAR - Chamber of Financial Auditors of Romania

We agree with the proposed requirements regarding communication between the group sustainability assurance firm and component sustainability assurance firms regarding the relevant ethics, including independence, provisions applicable to the group sustainability assurance engagement.

CPAC - Chartered Professional Accountants Canada Public Trust Committee

Yes, we agree.

EFAA - European Federation of Accountants and Auditors for SMEs

We agree with the proposed requirements regarding communication between the group sustainability assurance firm and component sustainability assurance firms regarding the relevant ethics, including independence, provisions applicable to the group sustainability assurance engagement.

ICAS - The Institute of Chartered Accountants of Scotland

Yes – we agree with (i) to (iii) above.

ICPAU - Institute of Certified Public Accountants of Uganda

We agree with the proposed requirements regarding communication between the group sustainability assurance firms and component sustainability assurance firms regarding the relevant ethics, including independence provisions applicable to the group sustainability assurance engagements.

IICA - Institute of Indonesia Chartered Accountants

Yes

IWP - Institut Österreichischer Wirtschaftsprüferinnen

In principle, we agree that the group engagement partner should be responsible for communicating relevant ethics, including independence requirements, to component sustainability assurance firms and other practitioners whose work is used for group engagement purposes.

JICPA - Japanese Institute of Certified Public Accountants

We agree with the proposed requirements regarding communication between the group sustainability assurance firm and component sustainability assurance firm regarding the relevant ethics, including independence, provisions applicable to the group sustainability assurance engagement.

MICPA - Malaysian Institute of Certified Public Accountants

We have no objection with the proposal.

PAFA - The Pan-African Federation of Accountants

Yes, we agree with the proposed requirements.

SAICA - South African Institute of Chartered Accountants

We agree with the proposed requirements which are in line with the requirements of ISA 600 (Revised).

Accounting Firms and Sole Practitioners

BDO - BDO International Limited

BDO agrees with the proposed requirements regarding communication. BDO appreciates these being in line with the requirements for group financial statement audits contained in ISA 600 (Revised).

EY - Ernst & Young Global Limited

We are supportive of the proposed requirements regarding communication between the group sustainability assurance firm and component sustainability assurance firms regarding the relevant ethics, including independence, provisions applicable to the group sustainability assurance engagement.

MAZARS - Mazars Group

We agree with the proposed requirements regarding communication between the group sustainability assurance firm and component assurance firms regarding ethics and independence provisions.

MOORE - Moore Global Network Limited

Yes

MU - Muhammad Umar - Mo Chartered Accountants

we support and agree with matters raised in b(i) to (iii).

PP - Pitcher Partners Advisors Proprietary Limited

Except for the points included below, we concur with the proposal as it is consistent with the concept and requirements of a group audit.

There may be challenges to practical implementation where jurisdictions have differential requirements as to who provides the assurance on the sustainability information in one jurisdiction (such as the requirement for the financial statement auditor to provide the sustainability information assurance) which may not be permitted in another jurisdiction. This could become burdensome and result in duplication of effort as a different practitioner may be required to provide assurance over the same sustainability information.

PwC - PricewaterhouseCoopers International Limited

Yes, we agree in principle with this proposal.

Academia and Research Institutes

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

As a result, we agree that independence requirements should also apply to a group and with the proposed provisions, requirements and terms.

Question 10 (b)(b) -Agree With Comments

Professional Accounting Organizations (PAOs)

ACCA - Association of Chartered Certified Accountants

We agree with the proposed requirements regarding communication between the group sustainability assurance firm and component sustainability assurance firms regarding the relevant ethics, including independence, provisions applicable to the group sustainability assurance engagement but note above the issues this may raise for adoption.

IDW - Institute der Wirtschaftsprüfer (Germany)

Yes. In principle we agree that this is a pragmatic approach.

However, we are concerned that proposed R5405.7: “In relation to related entities or components within the group sustainability assurance client other than those covered in paragraph R5405.6, a member of the group sustainability assurance team within, or engaged by, a component sustainability assurance firm outside the group sustainability assurance firm’s network shall notify the component sustainability assurance firm about any relationship or circumstance the individual knows, or has reason to believe, might create a threat to the individual’s independence in the context of the group sustainability assurance engagement (emphasis added).” may pose a practical challenge in terms of potential for second guessing with the advantage of hindsight. Our concern here is that the onus is on the individual to make the required notification, whereas any failure to do so impacts the group SAP and the trust in the engagement. We have a similar concern regarding proposed R5405.13.

IFAC - International Federation of Accountants

We have no specific objection to these proposals but note above the issues this may raise for adoption.

MIA Malta - The Malta Institute of Accountants

MIA agrees that the requirements may act as a bridge until a sustainability assurance standard that is equivalent to ISA 600 is developed. It is to be noted that, in the absence of a sustainability assurance standard, it is important for the IAASB to issue application guidance given that ISSA 5000 does not consider specific sustainability assurance procedures that a sustainability assurance team would need to consider, for example the role of the regulator in overseeing the component sustainability assurance firm

SOCPA - Saudi Organization for Chartered and Professional Accountants

SOCPA agrees with the proposed requirements regarding communication between group sustainability assurance firms and component sustainability assurance firms which is essential for ensuring alignment and coordination in independence considerations. However, implementing these requirements effectively may require establishing clear communication channels, defining responsibilities, and addressing potential barriers to information sharing. For example, the group engagement leader shall take responsibility to make a component sustainability assurance firm aware of the relevant ethics, including independence, provisions. The group sustainability assurance firm shall communicate at appropriate times the necessary information to enable the component sustainability assurance firm to meet its responsibilities under this section. Implementing these requirements could be challenging.

WPK - Wirtschaftsprüferkammer (Germany)

We principally agree with the IESBA's approach. However, the non-existence of an equivalent to ISA 600 or comparable performance standards, especially for group assurance engagements, makes it difficult to foresee whether the proposed provisions will finally be appropriate in the context of the performance standards.

Accounting Firms and Sole Practitioners

RSM - RSM International Limited

We agree with the proposed requirements regarding communication between the group sustainability assurance firm and component sustainability assurance firms regarding the relevant ethics, including independence, provisions applicable to the group sustainability assurance engagement. We do not support the IESBA including requirements from ISA 600 (Revised), Special Considerations--Audits of Group Financial Statements (Including the Work of Component Auditors), in Part 5 of ED-IESSA as described in paragraph 88 of the EM because the IAASB has not included group sustainability engagements in the ISSAs, yet. We also noticed a similar reference to ISA 220 (Revised), Quality Management for an Audit of Financial Statements. However, extant paragraphs R405.3 to 405.4 A1 of the IESBA Code essentially references ISA 600 (Revised) and ISA 220 (Revised) and summarises its requirements regarding communication of relevant ethical standards. Proposed paragraphs R5405.3 to R5405a of ED-IESSA essentially removed the references to the ISAs and did not substantively change the requirement. We also believe it is more appropriate to exclude the references to the ISAs or any other auditing or assurance framework, since Part 5 of the IESBA Code is intended to be framework-neutral per paragraph 22 of the EM. By referencing the ISAs, extant Section 405 of the IESBA Code would not be considered framework-neutral.

Question 10 (b)(b) - Disagree

Professional Accounting Organizations (PAOs)

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

Overall response: No.

Detailed comments: As previously explained, we do not believe it to be appropriate for IESBA to include performance standards within the IESBA code. When IESBA believes that the assurance standards are lacking necessary requirements, IESBA should attempt to resolve those concerns with IAASB.

CPAA - CPA Australia

CPA Australia does not support independence provisions applicable to group sustainability assurance engagements at this point in time.

Question 10 (b)(b) - 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

PAABZ - The Public Accountants and Auditors Board of Zimbabwe

SGX - Singapore Exchange Limited

Investors and Other Users

Ceres Accelerator

DIR - Daiwa Institute of Research Ltd

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

UNCTAD - UNCTAD's African Regional Partnership

Independent National Standard Setter

NZAuASB - New-Zealand Auditing & Assurance Standard Board

Professional Accounting Organizations (PAOs)

AE - Accountancy Europe

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

FACPCE - Federación Argentina de Consejos Profesionales de Ciencias Económicas

GAA - Global Accounting Alliance

HKICPA - Hong Kong Institute of Certified Public Accountants

ICAEW - Institute of Chartered Accountants in England and Wales

INCP - National Institute of Public Accountants of Colombia

IPA - Institute of Public Accountants (Australia)

ISCA - Institute of Singapore Chartered Accountants

KICPA - Korean Institute of Certified Public 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

KMPG - KPMG IFRG Limited

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

IESBA Sustainability

Question 10 (b)(c) - Agree

Regulators and Oversight Authorities, incl. Monitoring Group members

BAOA - Botswana Accountancy Oversight Authority

We agree with the proposed defined terms, because there are consistent with the terms used under group audit engagements.

IRBA - Independent Regulatory Board for Auditors

Yes (with no further comments)

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

NASBA agrees with the proposed defined terms in the context of group sustainability assurance engagements.

UKFRC - United Kingdom Financial Reporting Council

Yes.

Public Sector Organizations

AGNZ - Office of the Auditor General of New Zealand

Yes.

GAO - US Government Accountability Office

We generally agree with the proposed defined terms in the context of group sustainability assurance engagements in the IIS in part 5.

UNCTAD - UNCTAD's Latin America Regional Alliance

I agree 100% of respondents

Independent National Standard Setter

APESB - Accounting Professional & Ethical Standards Board (Australia)

We also support the proposed revisions to the definition of “component”, which specifically excludes entities within the value chain.

Professional Accounting Organizations (PAOs)

ACCA - Association of Chartered Certified Accountants

We agree with the proposed defined terms in the context of group sustainability assurance engagements including “group sustainability assurance engagement” and “component,” whilst noting that additional guidance and training may be required to assist SAPs in understanding group requirements due to the inherent embedded terminology complexity.

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

Yes, we agree. We believe that the terms proposed in the context of group sustainability assurance assignments, cited as example a, "group sustainability assurance assignment" and "component", are appropriate terms.

BICA - Botswana Institute of Chartered Accountants

-Supporting the proposed defined terms in the context of group sustainability assurance engagements, such as "group sustainability assurance engagement" and "component," is important for clarity and consistency in the application of standards.

CFAR - Chamber of Financial Auditors of Romania

We agree with the proposed defined terms in the context of group sustainability assurance engagements.

CPAC - Chartered Professional Accountants Canada Public Trust Committee

Yes, we agree.

EFAA - European Federation of Accountants and Auditors for SMEs

We agree with the proposed defined terms in the context of group sustainability assurance engagements.

ICAS - The Institute of Chartered Accountants of Scotland

Yes – we agree with (i) to (iii) above.

IICA - Institute of Indonesia Chartered Accountants

Yes

JICPA - Japanese Institute of Certified Public Accountants

We agree with the proposed defined terms in the context of group sustainability assurance engagements.

MIA Malta - The Malta Institute of Accountants

MIA agrees with the proposed defined terms in the context of group sustainability assurance engagements as the definitions are consistent with those included within the independence standards for audit engagements.

SAICA - South African Institute of Chartered Accountants

SAICA agrees with the proposed defined terms in the context of group sustainability assurance engagements.

Accounting Firms and Sole Practitioners

BDO - BDO International Limited

BDO agrees that the definition 'group sustainability assurance engagement' explicitly addresses related entities (R5400.27) and agrees that the definition 'component' explicitly excludes entities within the client's value chain.

EY - Ernst & Young Global Limited

We are supportive of the proposed defined terms in the context of group sustainability assurance engagements.

Notwithstanding our answers to 10.(a) through 10.(b), we believe it is vitally important for the IESBA and IAASB to collaboratively finalize their respective sustainability projects and issue them concurrently.

MOORE - Moore Global Network Limited

Yes

MU - Muhammad Umar - Mo Chartered Accountants

we support and agree with matters raised in b(i) to (iii).

PP - Pitcher Partners Advisors Proprietary Limited

Except for the points included below, we concur with the proposal as it is consistent with the concept and requirements of a group audit.

There may be challenges to practical implementation where jurisdictions have differential requirements as to who provides the assurance on the sustainability information in one jurisdiction (such as the requirement for the financial statement auditor to provide the sustainability information assurance) which may not be permitted in another jurisdiction. This could become burdensome and result in duplication of effort as a different practitioner may be required to provide assurance over the same sustainability information.

Academia and Research Institutes

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

As a result, we agree that independence requirements should also apply to a group and with the proposed provisions, requirements and terms.

Question 10 (b)(c) - Agree With Comments

Regulators and Oversight Authorities, incl. Monitoring Group members

SGX - Singapore Exchange Limited

Yes, with comments.

Please also consider if the definition of “component” and related terms in the context of group sustainability assurance engagements also include an entity’s investees including associates, joint ventures and unconsolidated subsidiaries. Please refer to SGX’s comments to Question 10(a) above.

Independent National Standard Setter

NZAASB - New-Zealand Auditing & Assurance Standard Board

We also encourage the IESBA and the IAASB to align definitions, for example, the definition of components, to reduce complexity. We recommend this section would benefit from additional time and recommend that group considerations might better be addressed in a phase 2 of updating Part 5, developed in tandem with performance standards to be developed by the IAASB.

We support all-inclusive language, for example “key sustainability assurance leader” instead of “key audit partner”.

Professional Accounting Organizations (PAOs)

CAANZ - Chartered Accountants Australia and New Zealand

In our view the new defined terms proposed in section 5405 (“Component sustainability assurance client”, “Component sustainability assurance firm”, “Group sustainability assurance client”, “Group sustainability assurance engagement”, “Group sustainability assurance firm”, “Group sustainability assurance team”, and “Group sustainability information”) should be consistent with those in ISSA 5000. However, there are concerns that NPAPs will not necessarily understand these concepts, and therefore these should be key focus areas in the IESBA’s implementation support resources.

CAI - Chartered Accountants of Ireland

Additional guidance would be helpful to ensure more consistent application of the definition of “Group” and to clarify that it relates to group entities only, and not entities that form part of a group or a component entity’s value chain activities.

Regarding the term “Group sustainability assurance client”, further clarity is required on the meaning of “any other components at which assurance work is performed”. It is not clear what type of assurance work the term is referring to, and it is unclear what other components, other than the group’s related entities (which includes components per the definition of “component” in the glossary (the alternating terminology increases confusion)), would constitute a group.

IDW - Institute der Wirtschaftsprüfer (Germany)

In our view, it would make good sense for the definitions to be aligned with those in ISSA 5000. We therefore urge the IESBA to closely coordinate with the IAASB in finalizing these definitions. However, under some sustainability reporting frameworks the boundaries of entities whose information is included within group sustainability reporting may not be the same as for the consolidated financial statements of a group. This might cause unforeseen problems in practice, as the more entities that SAPs need to be independent of, the more challenges firms face in ensuring compliance by all concerned.

IFAC - International Federation of Accountants

We note the terms in use are similar to those used for financial statements audits, so auditors should have some familiarity with these which will assist their understanding and effective use. This may not be the case for other sustainability practitioners. When similar terminology was introduced for financial statements audits in ISA 600, there were practical challenges for PAs in applying and understanding. There is a concern this may be repeated for non-PAs using the Code, and this could be compounded by ISSA 5000 not providing the same context that ISA 600 (Revised) does for auditors. Additional guidance may therefore be needed for consistent application.

ISCA - Institute of Singapore Chartered Accountants

Definition of “group sustainability assurance client”

The definition of a group audit client in the Code includes consideration of its “related entities” and any other “components” at which audit work is performed. The concept of “components” and determination of components at which to perform audit work are contained under International Standard on Auditing 600 Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors) (ISA 600).

However, there is no equivalent of ISA 600 for group SAEs and determination of “components” for purposes of a group audit should be separate from consideration of “components” at which to perform assurance work for purposes of group SAEs.

Hence, we suggest that IESBA refine the definition of a “group sustainability assurance client” to include “entities at which assurance work is performed”. This would avoid confusion with use of the terms “related entities” and “components” in the context of group audits and facilitate application. At the same time, IESBA should also work with the International Auditing and Assurance Standards Board (IAASB) to address issues relating to group SAEs in ISSA 5000 for example, aligning terms and concepts used.

KICPA - Korean Institute of Certified Public Accountants

However, it is desirable to define the group and component first in accordance with the applicable standards on assurance engagement and to apply the independence standards in a consistent manner with such definitions. However, the ISSA 5000 ED sets forth the matters specific to another assurance practitioners only, without providing any separate definitions for group or component assurance practitioners, or requirements specific to the context of group assurance engagement.

Against this backdrop, practitioners may face practical challenges in compliance if independence requirements on group sustainability assurance engagement are provided by the Code. The KICPA hopes that such practical challenges can be additionally

considered as part of the finalization of the proposed revision to the Code. Please see the additional related comments in the answer for question 11 in the below.

MIA-Malaysian - Malaysian Institute of Accountants

This proposed definition of “component” appears to exclude value chain entities outside of the controlled group. We note that ISSA 5000 proposes to adopt a broader definition (i.e. aligned with the principles in ISA 600 (Revised)). Consequently, a component could be determined in relation to an entity in the value chain outside of the organisational boundary if its information is material to the entity. We propose that the IESBA and IAASB collaborate and agree upon a common definition of “component” within the context of the assurance standards. We would also propose for the IESBA to consider creating 2 new sub-definitions. For example:

“Group Component” - defined for purposes of aligning with the existing independence concept of “related entity” (i.e., the IESBAs intended scope of Sections 5405 and 5406), and

“Value Chain Component” - defined to specifically identify those entities that are not “group components” and to which the proposed independence requirements in Section 5407 would apply.

Similar consequential changes would also be necessary to the definitions of group sustainability assurance client, group sustainability assurance team and component sustainability assurance firm to incorporate these terms to provide the necessary clarity as to which entities are covered by these definitions.

PAFA - The Pan-African Federation of Accountants

While we agree with the proposal recognizing that these terms are similar to those used in financial statement audits and therefore may aid auditors in their understanding and application, other sustainability practitioners may not have the same level of familiarity with these terms. When similar terminology was introduced for financial statement audits in ISA 600, auditors encountered practical challenges in application and understanding. There's a concern that this may repeat for non-Practitioner Accountants (non-PAs) using the Code, especially considering that ISSA 5000 does not provide the same contextual guidance as ISA 600 (Revised) does for auditors. Additional guidance may be necessary to ensure consistent application of these terms.

SOCPA - Saudi Organization for Chartered and Professional Accountants

While aligning terms and definitions with those used in group audit engagements can promote consistency and clarity, it may also create confusion for non-professional accountants. This would be a significant challenge. It is understood that education and training of non-PAs would be a solution; however, it would be essential the IESBA and other national regulators take a lead on this consciously.

WPK - Wirtschaftsprüferkammer (Germany)

The terms and definitions should be in conformity with those in the performance standard(s). The IESBA should continue to closely cooperate with the IAASB to harmonize the definitions and terms to the highest extent possible.

Accounting Firms and Sole Practitioners

MAZARS - Mazars Group

We agree with the proposed definitions provided in the glossary. We welcome the clarification that the definition of the group sustainability assurance client excludes entities within the client's value chain. We note, however, that there are some ongoing debates around differences in definitions used in international financial reporting standards (IFRS) and some sustainability reporting standards, whereby some entities may be regarded as group entities for financial reporting purposes but as part of the value chain in sustainability reporting. The definition may need to be revised depending on the outcome of this debate, although we believe that, as the Code is profession and standards agnostic, the definition as written is appropriate.

Furthermore, we note that there are some minor differences between the IESBA definitions and those included in the latest draft of the IAASB's assurance standard (ISSA 5000) presented at its March 2024 meeting, perhaps reflecting the challenge we mention in the previous paragraph? We urge the IESBA to work closely with the IAASB to ensure full alignment of its definitions. The minor differences we have noted are set out below and it would be helpful to clarify why such differences exist and eliminate them where possible:

Component – the IAASB draft definition does not include the sentence “This excludes entities within the value chain” which is included in the IESBA definition.

Group sustainability information – the IAASB draft definition includes additional text to clarify that the information relates to that which is “within the entity's organisational boundary”.

PwC - PricewaterhouseCoopers International Limited

Yes - Please see our comments in response to Question 10 (a) above.

RSM - RSM International Limited

We agree with the proposed defined terms in the context of group sustainability assurance engagements. We encourage the IESBA to work with the IAASB to achieve consistency between ISSA 5000 and the IESBA Code.

We believe the definition of ‘group sustainability information’ could be refined to be more consistent with the definition of ‘group financial statements’. ‘Group sustainability information’ in a group sustainability assurance engagement is similar to ‘group financial statements’ in a group audit. The definition of ‘group financial statements’ per the proposed revised glossary in ED-IESSA is ‘financial statements that include the financial information of more than one entity or business unit through a consolidation process’. The definition of ‘group financial statements’ includes ‘through a consolidation process’, which helps identify the entities and business units included in group financial statements, but the definition of ‘group sustainability information’ does not include similar information. In addition, we feel it is important to be clear that group sustainability information does not include entities within the value chain. Accordingly, we suggest the definition of ‘group sustainability information’ be revised as follows:

Sustainability information that includes the sustainability information of more than one entity or business unit through a consolidation process and within the organizational boundary

that is defined, described, or otherwise specified in the applicable by the sustainability reporting framework. This excludes entities within the value chain.

Others

IBA - The International Bar Association

We also consider that the group assurance provisions in IESSA are unclear in several respects which may pose challenges for adoption by non-PAs, including legal practitioners: the definition of 'component' should be clearer, and IESSA would benefit from clarification as to how a component and a group is determined, and how components are differentiated from value chain entities. Further, we note the term 'group sustainability assurance firm' is defined, but not 'sustainability assurance firm' and this may give rise to confusion.

We agree with the Explanatory Memorandum that specific guidance on group assurance may be needed, if these provisions are included in the final draft of IESSA.

Question 10 (b)(c) - Disagree

Professional Accounting Organizations (PAOs)

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

Overall response: No. See response to question 10(a).

CPAA - CPA Australia

CPA Australia does not support independence provisions applicable to group sustainability assurance engagements at this point in time.

ICPAU - Institute of Certified Public Accountants of Uganda

We do not agree. While concepts have been drawn from ISAs to cater for group sustainability assurance engagements in the absence of an equivalent to ISA 600 (Revised), we note that the definition for the term 'Component' as used in the proposed standard is significantly different from the existing definition under the ISAs. It is not clear why the Board chose the use of the words 'determined by the group auditor for purposes ...' By using the words 'determined by the auditor,' it gives an impression that what may be or may not be a component would be based on the auditor's perception at any material time. Other than this creating a way for possible difference in perception by auditors over time, there is also a danger of creating a double layering for determination of what is a component in group and what is not, that is a distinct piece of a group (at least from a legal perspective) but also one determined by the auditor. Otherwise, guidance may need to be provided on determination of a component to ensure a common approach to the same.

IWP - Institut Österreichischer Wirtschaftsprüferinnen

We strongly suggest that, for the time being, IESBA should limit this Section to high-level requirements. Performance standards, such as ISSA 5000 or European Sustainability Audit Standards, are expected to provide more detailed guidance on how to perform a group sustainability assurance engagement.

Accounting Firms and Sole Practitioners

PKF - PKF Global

While we are in agreement with the conceptual need for this, we do not agree that the relevant terminologies relating to this matter, as proposed in the IIS (Part 5), are appropriate. This is because ED ISSA 5000 does not use the same terminologies as IIS (Part 5), to describe group sustainability assurance engagements.

In our view, the use of different terminologies between IIS (Part 5) and ED ISSA 5000 to describe group sustainability assurance engagements will lead to confusion, which will increase the risk of inconsistent application of the independence provisions in IIS (Part 5) by sustainability assurance practitioners. In our view, such a risk will be less likely to occur if the terminologies in the IIS (Part 5) and ED ISSA 5000 used for describing group sustainability assurance engagements could be aligned.

Question 10 (b)(c) - 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

PAABZ - The Public Accountants and Auditors Board of Zimbabwe

Investors and Other Users

Ceres Accelerator

DIR - Daiwa Institute of Research Ltd

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

UNCTAD - UNCTAD's African Regional Partnership

Professional Accounting Organizations (PAOs)

AE - Accountancy Europe

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

FACPCE - Federación Argentina de Consejos Profesionales de Ciencias Económicas

GAA - Global Accounting Alliance

HKICPA - Hong Kong Institute of Certified Public Accountant

ICAEW - Institute of Chartered Accountants in England and Wales

INCP - National Institute of Public Accountants of Colombia

IPA - Institute of Public Accountants (Australia)

MICPA - Malaysian Institute of Certified Public 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

KMPG - KPMG IFRG Limited

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

IIA - The Institute of Internal Auditors