

IESBA Sustainability**Question 11 - Agree****Regulators and Oversight Authorities, incl. Monitoring Group members****BAOA - Botswana Accountancy Oversight Authority**

Yes, we agree with the proposal.

PAABZ - The Public Accountants and Auditors Board of Zimbabwe

The PAAB agrees with the independence provisions set out in section 5406. Independence requirements should be at least as strict as the extant code and be applied consistently and we believe this is the case and thus agree with the PAAB and the matters raised in the explanatory memorandum section 86-92.

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 believe that when a sustainability assurance practitioner intends to use the work of another practitioner who is not under the former's direction and supervision, the provisions in section 5406, Another Practitioner Involved in a Sustainability Assurance Engagement for a Single Entity or Group, are reasonable.

UNCTAD - UNCTAD's African Regional Partnership

100% of the respondents agreed with the proposed independence provisions set out in Section 5406.

Professional Accounting Organizations (PAOs)**ACCA - Association of Chartered Certified Accountants**

We agree with the proposed independence provisions set out in Section 5406 which address the independence considerations applicable when the sustainability assurance practitioner plans to use the work of another practitioner who is not under the former's direction, supervision, and review but who carries out assurance work at a sustainability assurance client.

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

Yes, we agree with the independence provisions proposed in Section 5406, because as a matter of accountability, independent of the employment relationship that group sustainability verification firms, component sustainability verification firms and group sustainability verification team members have with individuals performing assurance work on components within the group, they retain the obligation to direct, supervise and review

the work of those individuals when they are members of the group sustainability assurance team. To address that responsibility, the IESSA proposal in Chapter 1, paragraphs R5406.3 and R5406.4 require the firm to:

- Making the other practicing professional aware of the relevant ethics provisions, including independence; and
- Require that practitioner to confirm that he or she understands and will comply with, or, if the work has already been performed, has complied with, those provisions. (See the).

Furthermore, paragraph R5406.5. in Chapter 1 of the ED proposes that the other practicing professional confirm that it and the other practicing professional's persons performing the assurance work are independent of the entity on whose sustainability information the other practicing professional performs the assurance work, in accordance with the independence requirements of Part 5. As the sustainability assurance client also includes certain related entities as defined in the Glossary, the other practitioner professional must be independent not only of the entity on whose sustainability information the other practitioner professional performs the assurance work, but also of its relevant related entities.

BICA - Botswana Institute of Chartered Accountants

Agreeing with the proposed independence provisions set out in Section 5406 is essential for ensuring the integrity and objectivity of the assurance process when utilizing the work of another practitioner in sustainability assurance engagements.

CFAR - Chamber of Financial Auditors of Romania

We agree with the proposed independence provisions set out in Section 5406.

IICA - Institute of Indonesia Chartered Accountants

Yes

IPA - Institute of Public Accountants (Australia)

IPA generally supports the requirements surrounding using the work of another practitioner. IPA expects that these requirements are likely to be challenging to apply in practice and sustainability assurance providers would benefit from IESBA developing supporting materials, including practical examples, to facilitate consistent application.

MICPA - Malaysian Institute of Certified Public Accountants

We agree with the proposed independence provisions set out in Section 5406.

Other Assurance Providers and Accreditation Bodies (non-PAs)

AA - AccountAbility

Of particular relevance to non-PAs, we support the proposed independence provisions outlined in Section 5406 concerning the use of another practitioner's work in sustainability assurance engagements. The approach described in Section 5406 appropriately addresses the distinct considerations and obligations involved when a firm intends to use the work of another practitioner who is not under its direct oversight, control, and review. It ensures the maintenance of independence requirements outlined in Part 5 and mandates that the firm takes necessary measures to ensure the independence of the other practitioner, including informing them of relevant ethics provisions and obtaining

confirmation of their independence. This approach is in alignment with the requirement for transparency and uniformity in sustainability assurance engagements.

JAB - Japan Accreditation Board

Regarding section 5406 we support independence provisions for Another Practitioner, an assurance provider who is not under the direction, supervision, or review of a team.

Accounting Firms and Sole Practitioners

MOORE - Moore Global Network Limited

Yes, we agree with the proposed independence provisions set out in Section 5406.

Academia and Research Institutes

DIRC - Deakin University Integrated Reporting Centre

We agree with the proposed independence provisions set out in Section 5406.

Question 11 - Agree With Comments

Regulators and Oversight Authorities, incl. Monitoring Group members

CEAOB - Committee of European Auditing Oversight Bodies

If a firm (as defined in the ED-IESSA) intends to use the work of another practitioner that performs assurance work at the firm's sustainability assurance client appropriate communication between both of them is crucial. We believe that the firm should be required to communicate the matters included in 5406.3A1 to the other practitioner. The terms used currently (i.e. "examples"; "might") give room for interpretation and the matters could be regarded as information that does not have to be communicated.

R5406.5 requires the firm to request the other practitioner to confirm its independence. However, no provisions are included covering instances where the practitioner cannot obtain an independence confirmation from the other practitioner or is not satisfied with the confirmation received. We understand that these issues should be addressed consistently with ISSA 5000 and we encourage the IESBA to continue its dialogue with the IAASB.

We are of the view that the other practitioner should be requested to provide the confirmations in R5406.4 and R5406.5 in writing.

ESMA - European Securities and Market Authority

Both Sections 5406 and 5407 require that the firms ascertain the independence respectively of another practitioner or of a sustainability assurance practitioner who performs assurance work at a value chain entity. ESMA recommends that this confirmation is requested in writing. Furthermore, ESMA recommends clarifying the definition of "Another practitioner" in Part 5 based on concrete cases which the Code aims at capturing.

IAASA - Irish Auditing & Accounting Supervisory Authority

If a firm (as defined in the ED-IESSA) intends to use the work of another practitioner that performs assurance work at the firm's sustainability assurance client appropriate communication between both of them is crucial. We believe that the firm should be required

to communicate the matters included in 5406.3A1 to the other practitioner. The terms used currently (i.e. “examples”; “might”) give room for interpretation and the matters could be regarded as information that does not have to be communicated.

R5406.5 requires the firm to request the other practitioner to confirm their independence. However, no provisions are included covering instances where the practitioner cannot obtain an independence confirmation from the other practitioner or is not satisfied with the confirmation received. We understand that these issues should be addressed consistently with ISSA 5000 and we encourage the IESBA to continue its dialogue with the IAASB.

We are of the view that the other practitioner should be requested to provide the confirmations in R5406.4 and R5406.5 in writing.

IFIAR - International Forum of Independent Audit Regulators

R5406.5 requires the firm to request the other practitioner to confirm its independence. However, no provisions are included covering instances where the practitioner cannot obtain an independence confirmation from the other practitioner or is not satisfied with the confirmation received. We understand that these issues should be addressed coherently with ISSA 5000 and we encourage the IESBA to continue its dialogue with the IAASB.

We are of the view that the other practitioner should be requested to provide confirmations in R5406.4 and R5406.5 in writing.

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

NASBA agrees with the proposed independence provisions set out in Section 5406; however, NASBA believes that implementation will be challenging and likewise could be challenging from a regulatory enforcement standpoint.

SGX - Singapore Exchange Limited

Yes, with comments.

It is unclear how R5406.4 and R5406.5 are different as both requirements seem to cover the same objective. Please clarify the difference.

Investors and Other Users

DIR - Daiwa Institute of Research Ltd

Yes, as far as in the case of standalone sustainability assurance engagement. But 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.

Public Sector Organizations

UNCTAD - UNCTAD's Latin America Regional Alliance

I agree - 80% of respondents

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

Independent National Standard Setter

APESB - Accounting Professional & Ethical Standards Board (Australia)

APESB supports the proposed independence provisions set out in Section 5406.

Some stakeholders have questioned whether the proposed paragraph R5406.4 sets a high bar for the engagement leader to take responsibility for requesting another practitioner to confirm their compliance with relevant ethics and independence provisions. They believe potential challenges might arise when non-professional accountant practitioners apply another sustainability assurance standard instead of the IAASB's proposed sustainability standards.

NZAuASB - New-Zealand Auditing & Assurance Standard Board

Response:

We agree with the principles however, we have identified several matters regarding how the section has been written.

More application material is needed

We found the Explanatory Memorandum (EM) useful in helping us understand the meaning of the provisions. We suggest the IESBA includes similar explanation in the application material to enable consistent application. For example:

- Another practitioner needs to also be independent from related entities to the entity on whose sustainability information assurance work is performed. This requirement is laid out more clearly in EM paragraph 98 than R5406.5.
- Another practitioner needs to apply the PIE independence requirements if the assurance client of the firm is a PIE (even when the entity assured by another practitioner is not PIE for another practitioner). This is stated more clearly in the explanation included in EM paragraph 99 than in R5406.5.
- The proposals do not clearly outline what to do if confirmation from another practitioner cannot be obtained. The explanatory memorandum para 100 states that the firm will need to consider the requirements of applicable assurance standards to determine if it can proceed to use the assurance work of that practitioner. Given that different assurance standards might be applied by different practitioners, this could lead to inconsistency regarding application of section 5406. We recommend more explanation is provided.

Alignment between the standards

"Another practitioner" is defined differently by the IAASB in proposed ISSA 5000 then by the IESBA in proposed Part 5. There is confusion as to why the use of another practitioner is included within both the performance assurance standards and the ethical standards. We encourage the IESBA to work closely with the IAASB and:

- ensure consistency of definitions
- ensure interoperability of requirements
- clarify how the assurance performance and ethical requirements work together
- avoid unnecessary duplication.

Confirmation received from another practitioner

We support the requirement that confirmation should be received from another practitioner that they understand and apply the relevant ethical and independence requirements.

Professional Accounting Organizations (PAOs)

CAANZ - Chartered Accountants Australia and New Zealand

We agree with the proposed independence provisions set out in section 5406. However, paragraph 100 of the EM states that “If the firm cannot obtain confirmation regarding the independence of the other practitioner in accordance with the IIS in the proposed IESSA, the firm will need to consider that fact in determining whether, under the applicable sustainability assurance standards, it can proceed to use the assurance work of that practitioner for the purposes of the sustainability assurance engagement.” Section 5406 appears to be silent on what the sustainability assurance practitioner must do if they are unable to obtain an independence confirmation from the other practitioner. We recommend this is also addressed in the final pronouncement.

CAI - Chartered Accountants of Ireland

The term “Another Practitioner” is defined as relating only to assurance work relevant to a sustainability assurance engagement. To ensure a consistent understanding, we recommend including the clarification that this does not include the work of an External Expert, whose work the SAP will be able to direct and review.

ISA 600(R), Special Considerations—Audits of Group Financial Statements (including the work of component auditors), provides guidance on actions to take in instances where a group auditor is unable to confirm compliance with the relevant ethical requirements. To ensure a consistent approach by all SAPs, it would be useful for Section 5406 to include similar considerations in the event this challenge arises on a group sustainability assurance engagement.

There is potential overlap between Section 5406, Another Practitioner Involved in a Sustainability Assurance Engagement for a Single Entity or Group, and Section 5407, Independence Considerations Relating to Assurance Work at, or with respect to, a Value Chain Entity, in instances where Another Practitioner has performed assurance work on sustainability information of a Value Chain Entity to be relied upon by the Group SAP. As the glossary term for “Another Practitioner” is broad, they may or may not be a SAP. We recommend the IESBA reviews the requirements of 5407.4, 5407.5, 5407.6, and 5700 for any conflicts and consistency with requirements of Section 5406.

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

The notion of “another practitioner” will be difficult to understand / translate. It will be very difficult to distinguish from an “other practitioner,” and will probably be lost in translation anyway. We would recommend challenging whether it is really needed.

If yes, we recommend finding another term.

CPAA - CPA Australia

Application of the proposed independence provisions for when a sustainability assurance practitioner plans to use the work of another practitioner who is not under the former's direction, supervision and review but who carries out assurance work at a sustainability assurance client, would present challenges. Three observations are offered:

Firstly, Section 5406 relates to provisions for and actions by a firm – that is, professional accountants or sustainability assurance practitioners – although the question refers only to sustainability assurance practitioners. We assume that the IESBA intentionally used the word “firm” and as such, are comfortable with its use.

Secondly, this section focuses on independence requirements for the other practitioners but seems not to address the competency of those other practitioners. The IESBA may wish to consider including paragraphs and provisions relating to the actions that a firm may need to undertake to determine the competency (not just the independence) of another practitioner.

Thirdly, no guidance and/or direction is provided to the professional accountant or sustainability assurance practitioner as to what should be done if the other practitioner refuses to provide the information requested with respect to their independence.

CPAC - Chartered Professional Accountants Canada Public Trust Committee

The PTC agrees that overall Section 5406 addresses the complexities of using another practitioner's work in sustainability assurance engagements and emphasizes the importance of maintaining independence.

However, we note that there is no application material in the proposed IESSA to explain what steps a firm should take if the firm cannot obtain confirmation regarding the independence of the other practitioner. We observe that the Explanatory Memorandum indicates that the firm will need to consider that fact in determining whether, under the applicable sustainability assurance standards, it can proceed to use the assurance work of that practitioner for the purposes of the sustainability assurance engagement. We encourage the IESBA to provide this application material within the standard itself to ensure that the requirement and next steps are clear, or alternatively to consider requiring the practitioner to obtain, rather than simply request, this confirmation in proposed paragraph R5406.5.

EFAA - European Federation of Accountants and Auditors for SMEs

While we agree with the proposed independence provisions set out in Section 5406, we note that the provisions do not extend to assessing the competency of the other practitioner. Requirements and guidance for considering competency would be useful.

ICAEW - Institute of Chartered Accountants in England and Wales

We consider that in addition to provisions concerning independence, there ought to be explicit provisions requiring assurance on the competency and capability of another practitioner before they are engaged.

We note that paragraph 100 of the Explanatory Memorandum appears to imply that where another practitioner has been engaged but is not able to provide satisfactory confirmation of independence, it will be up to the firm to determine whether the work can still be used. We note that this appears to be a different approach to that set out in the accompanying

Exposure Draft on Using the Work of an External Expert in circumstances where an expert is deemed not to be Competent, Capable and Objective, and would suggest that the same approach be used in relation to experts and use of another practitioner.

We consider this to be an area in which IESBA should strongly consider applying a proportionate period for transitional arrangements. The knowledge, skills and working practices of the different firms and/ or assurance providers operating in this area are likely to vary quite considerably in the first few years following implementation of these standards. As such, a transitional period would be beneficial in which to ensure that consistent appreciation and application of the standards as between Professional Accountants and non-Professional Accountants.

ICAS - The Institute of Chartered Accountants of Scotland

Link between Section 5405 and 5406

We believe there needs to be a link in paragraph 5405.2 A1b to Section 5406 'Another Practitioner involved in a Sustainability Assurance Engagement for a Single Entity or Group' to signpost that there are provisions which cover situations where the group sustainability assurance firm is unable to direct, supervise and review the work of another firm. We suggest adding wording (from paragraph 5406.1 as noted in red below) to paragraph 5405.2 A1b as follows:

'5405.2 A1b Where the group sustainability assurance firm uses the work of another firm, which performs assurance work at the sustainability assurance client, for purposes of the group sustainability assurance engagement, This section only applies where the group sustainability assurance firm is able to direct, supervise and review the work of that firm. **Section 5406 sets out specific requirements and application material relevant to applying the conceptual framework when a firm uses the work of another practitioner that performs assurance work at the firm's sustainability assurance client and whose work the firm is unable to direct, supervise and review.**'

['5406.1 Section 5400 requires a firm to be independent when performing a sustainability assurance engagement, and to apply the conceptual framework set out in Section 5120 to identify, evaluate and address threats to independence. **This section sets out specific requirements and application material relevant to applying the conceptual framework when a firm uses the work of another practitioner that performs assurance work at the firm's sustainability assurance client and whose work the firm is unable to direct, supervise and review.** Such a practitioner is referred to in this section as "another practitioner."']

Similarly, Section 5406 could link to Section 5405. For example, a new paragraph 5406.1A could be added reflecting paragraph 5405.2 A1b wording:

'5406.1A Where the group sustainability assurance firm uses the work of another firm, which performs assurance work at the sustainability assurance client, for purposes of the group sustainability assurance engagement, Section 5405 applies where the group sustainability assurance firm is able to direct, supervise and review the work of that firm.'

Confirmation of independence

Paragraph 97 of the Explanatory Memorandum states the following:

“97. The IESBA recognizes that where a practitioner whose work the firm intends to use is not under the firm’s direction and supervision, the firm cannot directly require that practitioner to comply with the Code’s provisions. In some instances, that practitioner might have already completed their assurance work and might not have been subject to Part 5 of the Code. In light of this, the IIS in the proposed IESSA require the firm to: • Make the other practitioner aware of the relevant ethics, including independence, provisions; and • Request that practitioner to confirm that they understand and will comply or, if the work has already been carried out, has complied, with such provisions. (See paragraphs R5406.3 and R5406.4 in Chapter 1.)”

If the assurance work has already been carried out by the other assurance practitioner, and the assurance practitioner has not been subject to Part 5, and could also be a non-PA, how is an independence confirmation realistically going to be obtained from this practitioner?

We believe this section is not very helpful, particularly for non-PA users. Could some provisions be pulled from Section 5405 to assist with the areas to cover to confirm independence? For example, are the ‘Independence Considerations Applicable to Component Auditor Sustainability Assurance Firms outside a Group Auditor Sustainability Assurance Firm’s Network’ closest to this scenario? (paragraphs R5405.11 to R5405.17)?

We are also not convinced that the intentions of IESBA as set out in paragraphs 98 and 99 below in the explanatory memorandum are included in Section 5406?

‘98. To meet the above request, the IESBA proposes that the other practitioner confirm that both the practitioner and the individuals from the practitioner who perform the assurance work are independent of the entity on whose sustainability information the other practitioner performs assurance work, in accordance with the independence requirements of Part 5. Given that the sustainability assurance client also includes certain related entities as defined in the Glossary, the other practitioner will need to be independent not only of the entity on whose sustainability information the other practitioner performs assurance work, but also its relevant related entities. (See paragraph R5406.5. in Chapter 1.)’

‘99. Furthermore, to maintain consistency with the approach used in the proposed Section 5405 on group sustainability assurance engagements, the IESBA intends that the independence provisions that apply to the entity on whose sustainability information the firm expresses an opinion (the client) should apply throughout the engagement and each entity within the definition of the sustainability assurance client. Accordingly, if a firm intends to use the work of another practitioner who performs assurance work at an entity that is not a PIE, but the entity on whose sustainability information the firm expresses an opinion is a PIE, the firm will need to request confirmation that the other practitioner is independent of the entity on whose sustainability information that practitioner performs assurance work in accordance with the provisions applicable to PIEs.’

What if independence of the other practitioner cannot be confirmed?

Paragraph 100 of the Explanatory Memorandum states the following:

“100. If the firm cannot obtain confirmation regarding the independence of the other practitioner in accordance with the IIS in the proposed IESSA, the firm will need to consider that fact in determining whether, under the applicable sustainability assurance standards,

it can proceed to use the assurance work of that practitioner for the purposes of the sustainability assurance engagement.”

There are, however, no provisions contained within the Section 5406 regarding this scenario and what can be done if independence is not confirmed by the other practitioner.

Despite this situation not being a breach, we believe that a similar approach could be taken to that of the “Breach of an Independence Provision at a Component Sustainability Assurance Firm” provisions in Section 5405 (paragraphs 5405.22 to 5405.25) for further guidance in Section 5406. For example, paragraph 5405.25 states the following:

“5405.25 A2 If there has been a breach by a component sustainability assurance firm and the breach has not been satisfactorily addressed, the group sustainability assurance firm cannot use the work of that component sustainability assurance firm. In those circumstances, the group engagement leader might find other means to obtain the necessary assurance evidence on the component sustainability assurance client’s sustainability information. Examples of such means include the group sustainability assurance firm performing the necessary assurance work on the component sustainability assurance client’s sustainability information or requesting another component sustainability assurance firm to perform such assurance work.”

ICPAU - Institute of Certified Public Accountants of Uganda

While we agree with the proposed independence provisions set out in Section 5406, we recommend inclusion of more requirements and guidance material in relation to competence to provide supervision and review of sustainability assurance work.

IFAC - International Federation of Accountants

We support the independence provisions set out in Section 5406 but note that these focus only on independence and do not consider assessing the competency of the other practitioner. Requirements and guidance for considering competency would be useful.

There may be cases when the other practitioner may not provide the information needed to confirm independence. For financial statements audits, the ISAs provide guidance for what should be done in these circumstances, but we note that ISSA 5000 does not provide such guidance. While such guidance may be best suited to the assurance standard, if it is not present therein, this omission may need to be addressed within Part 5.

ISCA - Institute of Singapore Chartered Accountants

The notion of “using the work” of another practitioner who is not under the SAP’s direction, supervision and review needs to be explained and applied in a consistent manner.

When the SAP performs review of (aspects of) another practitioner's work, this would be the appropriate context of “use the work” as the SAP is able to look at the underlying work and determine if it is appropriate for their purposes. Usually this takes place because the work performed by the other practitioner is significant to the SAP’s assurance opinion. The SAP is not performing contemporaneous direction, supervision and review, but is still able to review (for example, where the work has already been done for another purpose), and this review could be quite extensive. In this case, it is appropriate for the SAP to obtain confirmation of the other practitioner’s independence.

On the other hand, “use” could refer to the sustainability assurance client providing the other practitioner’s report as evidence to support the client’s sustainability information. The information could form part of evidence, but through the lens of whether the information is relevant and reliable, as opposed to whether the other practitioner is independent. In such circumstances, imposing independence requirements seems unnecessary and would likely not be practicable.

The other practitioner, in this case, is neither performing work for, nor are they in a position to influence, the engagement. Therefore, if, in fact, using the work of another practitioner is intended to include circumstances where the client has provided the assurance report as evidence to support assertions about the client’s sustainability information, this creates independence requirements that extend beyond what is required for a financial statement audit. The independence considerations laid out in proposed Section 5406 should be limited to where the SAP has performed a review of the other practitioner’s work.

As ISSA 5000 also contains provisions on “using the work of another practitioner”, IESBA should coordinate with the IAASB to align the notion of “using the work” and the concept of “another practitioner” in the IESSA and ISSA 5000.

If the SAP determines to use the work of another practitioner where the work has already been carried out, that other practitioner might have complied with Part 4B of the Code or might not have been asked/aware of the need to comply with the Code. In this regard, IESBA might consider granting a transition period for the other practitioner to meet the independence requirements under Part 5 to comply with proposed paragraphs R5406.4 and R5406.5.

JICPA - Japanese Institute of Certified Public Accountants

We agree with the proposed independence provisions set out in Section 5406, except for the following matters.

If a group sustainability assurance client is a PIE, there are clear requirements set out in paragraphs R5405.5 and R5405.6 that the group sustainability firm and component sustainability firm apply the independent requirements for a PIE. However, it is not clear whether another practitioner shall apply the independent requirements for a PIE, so we believe this should be clarified.

Therefore, we suggest the IESBA revise “a sustainability assurance client” in paragraph R5406.5 to “a sustainability assurance client whose sustainability information on which the sustainability assurance practitioner expresses an opinion” to clarify that the sustainability assurance client is not a client for which another practitioner performs a sustainability assurance engagement, but a client for which a sustainability assurance practitioner performs a sustainability assurance engagement.

If a firm performing a sustainability assurance engagement intends to use the work of another practitioner, the other practitioner shall apply the International Independence Standards in Part 5. Nevertheless, Section 5406 does not set out how to confirm whether the other practitioner is in compliance with the International Independence Standards in Part 5, other than through communication between the firm and that practitioner, as explained in paragraph R5406.3. We suggest the IESBA establish mechanisms to disclose whether the sustainability assurance engagement is within the scope of the International

Independence Standards in Part 5 in a sustainability assurance report in order to facilitate consideration of whether the firm can use the work of another practitioner.

KICPA - Korean Institute of Certified Public Accountants

Independence requirements applicable to component sustainability assurance practitioners prescribed in Section 5405 are stricter than those applicable to another practitioners set forth in Section 5406. In this light, there should be a clear distinction between the component sustainability assurance practitioner and another practitioner. However, the ISSA 5000 ED, the standard on sustainability assurance, provides requirements only for another practitioners, without providing requirements for component assurance practitioners. And, considering the nature of sustainability information, it may not be practically possible to clearly distinguish the component assurance practitioner (outside the network) from another practitioner. In this situation, it may be challenging to comply with different independence requirements applicable to the component assurance practitioner and another practitioner in the Code.

We hope that the IESBA additionally considers these practical challenges as part of the finalization of the proposed revision to the Code. If the IESBA decides to maintain the current ED requirements as they currently are in the final version of the Code, we hope that a non-authoritative guidance will provide examples covering diverse scenarios to mitigate practical complexities in distinguishing the component auditor from another practitioner.

MIA Malta - The Malta Institute of Accountants

MIA agrees with the proposed independence provisions set out in Section 5406 and note that independence is a fundamental cornerstone for assurance and that using the work of an external expert might create threats to a sustainability assurance practitioner's compliance with the fundamental principles. Section 5406 includes detailed requirements for sustainability assurance practitioners to ensure they remain independent by applying the conceptual framework to identify, evaluate and address threats to independence when they arise in a range of situations including the provision of non-assurance services.

Whilst the Institute is supportive of the proposed independence provisions set out in Section 5406, we believe that further examples to better illustrate the concepts are necessary. This should enhance the Code to assist sustainability assurance practitioners in evaluating whether an external expert has the necessary competence, capabilities and objectivity when planning to use that expert's work for the intended purposes. If the sustainability assurance practitioner deems that the external expert is not competent, capable or objective, the Code should clearly prohibit the sustainability assurance practitioner from using the external expert's work.

MIA-Malaysian - Malaysian Institute of Accountants

We agree with the intention of the proposed independence provisions set out in Section 5406. However, we are of the view that the proposed Section 5406 does not fulfil the purpose intended by the IESBA.

We are concerned about the practicality of the requirements in Section 5406, especially the requirements of paragraphs R5406.3-R5406.5. For example, paragraph R5406.3 states the firm shall communicate at appropriate times the necessary information to enable that practitioner to confirm their compliance with those provisions. However, the practitioner

may not be able to have direct communications with another practitioner. The same challenge likely led to the accommodation in Section 5407 that the practitioner could rely on a statement in the other practitioner's assurance report.

We consider it impractical to expect sustainability assurance practitioners to “make the other practitioner aware of the relevant ethics, including independence, provisions and request that practitioner to confirm that they understand and will comply or, if the work has already been carried out, has complied, with such provisions” when the other practitioner is not required to comply with the Code (as in paragraph 5100.2b).

In paragraph 5407.4 A1, practitioners are allowed to rely on the independence statement in an independent practitioner's assurance report, yet it is unclear why this exception is permitted in certain circumstances and not extended to situations where sustainability practitioners are relying on the work of another practitioner for an entity within the organisational boundary of the sustainability assurance client.

To ensure consistency in relation to this, we suggest that in situations where the sustainability practitioners need to confirm the independence of the other practitioner who performs assurance work on the entity's sustainability information, the sustainability practitioner should be able to rely on a statement of independence in the other practitioner's report, if available. This adjustment would align with the approach described in paragraph 5407.4 A1.

If the requirement in paragraph 5406.5 is retained, and recognising that not all jurisdictions adopt the IESBA Code, we recommend that the reference to “this Part” be modified to include “or other ethical requirements in relevant law, regulation or professional requirements related to assurance engagements that are at least as demanding as the IESBA Code”.

We are of the view that it is unclear whether Section 5406 is limited to circumstances within the organisational boundary (involving related entities), as it relies entirely on understanding the definition of sustainability assurance client. We recommend that this be clarified. In addition, we suggest a reference in paragraph 5400.12c that the use of the work of another practitioner at a value chain entity is addressed in Section 5407.

PAFA - The Pan-African Federation of Accountants

Yes, we agree with the proposed independence provisions set out in Section 5406. However, it's important to note that these provisions solely address independence considerations and do not include assessments of the competency of the other practitioner. Therefore, we believe that incorporating requirements and guidance for evaluating competency would be beneficial.

SAICA - South African Institute of Chartered Accountants

We agree with the proposed independence provisions.

However, due to the administration around the assurance engagement and to reduce risk, there may be entities who elect to not review the information of out-of-network firms and perform their own work only. Furthermore, sustainability assurance practitioners may not be an audit firm, and in general they may not be comfortable with these complex

independence requirements. Consideration should be made to the cost associated with using the work of another practitioner as this could be expensive.

SOCPA - Saudi Organization for Chartered and Professional Accountants

SOCPA agrees with the proposed independence provisions set out in Section 5406. However, it would like to highlight the following concerns:

Section 5406.1 of the exposure draft implies that the other practitioner may not be subject to the same independence standards. While it does not explicitly state this, the section highlights the firm's inability to directly control the other practitioner's work if it is already completed, which suggests the possibility that the other practitioner follows different standards (or no standards at all). SOCPA believes the Code should be strengthened to address such situations as well.

Based on the facts in section R5406.4, the firm relies solely on a confirmation from the other practitioner stating their adherence to the Code's ethics and independence provisions. This confirmation might not be a foolproof guarantee. Therefore, SOCPA believes the Code should add a responsibility on the other practitioner to ensure the confirmation given can be relied upon by the firm.

WPK - Wirtschaftsprüferkammer (Germany)

We principally agree with the independence provisions proposed by the IESBA. However, it may be difficult in practice to oblige another practitioner to comply with the relevant ethics, including independence, provisions since the sustainability assurance practitioner has no contractual relationship with the other practitioner and the other practitioner may not be subject to the IESBA rules.

Other Assurance Providers and Accreditation Bodies (non-PAs)

IAF - International Accreditation Forum

We agree with Section 5406.

(...)

Moreover, whenever in Part 5 of the Code reference is made to a “different practitioner for a sustainability assurance client”, it should be stated that any independent assurance service provider, accredited and signatory of IAF multilateral recognition arrangement (IAF MLA), falls under such a definition.

Accounting Firms and Sole Practitioners

Assirevi - Association of Italian Audit Firms

Assirevi supports the approach that where a practitioner whose work the firm intends to use is not under the firm's direction and supervision, the firm cannot directly require that practitioner to comply with the Code's provision; in some instances, that practitioner might have already completed his assurance work and might not have been subject to Part 5 of the Code.

In this case, we agree with the approach that requires practitioners to become aware of the main ethical and independence requirements and that such practitioner must be required to confirm that they understand the requirements and that they will comply with those

requirements in carrying out the work, or, in the case where the work has already been completed, that they fulfilled all those provisions in the course of the work performed.

However, we disagree that both the practitioner and the individuals from the practitioner must confirm that they are independent not only of the entity to which the practitioner has carried out assurance work on sustainability information, but also of other entities in the group to which that entity belongs.

Similarly, we disagree that if the “another practitioner” carries out an assurance work on an entity that is not a PIE, but an entity for which the firm must express an assurance opinion on sustainability, then the practitioner must confirm that is compliant with the rules of independence applicable to PIE.

This approach is considered to be difficult to apply and not efficient, especially for the assumption of assurance activities that the practitioner might have performed before being required to confirm independence.

It is considered more appropriate for the practitioner to be required to be independent limited to the entity for which they carried out the sustainability assurance work, and with respect to the rules applicable for the entity itself.

BDO - BDO International Limited

BDO agrees with the proposed independence provisions set out in Section 5406, however has some clarifying questions and concerns, as it's not clear exactly what would occur in practice:

Concerns:

In the case of Section 5406, the assurance work has already been performed, so the practitioner may not be independent throughout the entire period of the group sustainability assurance engagement, but would have been independent during the performance of their assurance engagement through to its conclusion. BDO believes this would not impair their independence for the purpose of relying on that practitioner's work.

Requiring another practitioner to apply the PIE independence rules to a non-PIE client after the fact may create issues, when their work was not performed for this purpose nor were they aware of the other party's intent to use their work. Perhaps it would be appropriate for them to confirm compliance with non-PIE independence rules only, which would extend to other entities when they know or have reason to believe that those relationships would impair their independence?

BDO finds it difficult to envision situations where it would be in order to rely on another practitioner who is unable to confirm their independence in accordance with the necessary rule set.

It would therefore be helpful to have examples to clarify in what situations it would be appropriate to still rely on the assurance report of another practitioner without them confirming their independence.

EY - Ernst & Young Global Limited

Yes, we generally agree with the proposed independence provisions set out in Section 5406. However, we believe the IESBA should further clarify whether these provisions apply

to assurance work carried out by another practitioner that is peripherally, but not directly, related to sustainability information. For example, it is not clear from R5406.3 and the phrase “uses the work of another practitioner for purposes of the sustainability assurance engagement” whether the requirements would apply to circumstances where another practitioner performs an assurance engagement at the sustainability assurance client over internal controls related to sustainability information (for example, performed under ISAE 3000), and the SAP intends to rely on the work of the other practitioner as evidence when designing the nature, timing and extent of sustainability assurance procedures. We recommend that the IESBA clarify whether the requirements in 5406 are intended to apply to assurance engagements performed by other practitioners on matters not directly involving sustainability information, but that are used by the SAP.

Furthermore, it is not clear what the SAP is required to do in circumstances when the other practitioner is unable to confirm that they have complied with the independence requirements relevant to the sustainability assurance engagements. The IESBA should consider discussing with the IAASB whether there is a possibility of alternative procedures or other actions that could be taken by the SAP that would allow the SAP to use the work of the other practitioner in some capacity.

Finally, in our comment letter on the ED ISSA 5000, we recommended that IAASB include a definition of “another practitioner”, which could be based on the descriptions included in paragraphs A22 and A91 of ED-ISSA 5000. We recommend that the IESBA and the IAASB collaborate to align the two definitions.

KMPG - KPMG IFRG Limited

We believe that Section 5406 must be further refined in order to clarify the applicability of the proposed independence provisions. The usage of the term “use the work” must be defined and applied in a consistent manner.

The notion that the SAP is using the work rather than the notion that the client has obtained sustainability information from a sustainability assurance report on a third party are two very different circumstances. It appears that “use the work” has been conflated with what we would consider assurance evidence to support the client’s assertions.

When the SAP performs review of (aspects of) another practitioner's work, we believe this would be the appropriate context of “use the work” as the SAP is able to look at the underlying work and determine if it is appropriate for their purposes. Usually this takes place because the work performed by the other practitioner is significant to the SAP’s assurance opinion. While the SAP is not performing contemporaneous direction, supervision and review, the SAP is still able to review the underlying work (e.g., where the work has already been done for another purpose), and this review could be quite extensive. In this case, we believe it is appropriate for the SAP to obtain confirmation of the other practitioner’s independence.

On the other hand, “use” could refer to the sustainability assurance client providing the other practitioner’s report as evidence to support the client’s sustainability information. The information could form part of evidence, but through the lens of whether the information is relevant and reliable, as opposed to whether the other practitioner is independent. In such

circumstances, imposing independence requirements seems unnecessary and would likely not be practicable.

The other practitioner, in this case, is neither performing work for, nor are they in a position to influence, the engagement. Therefore, if, in fact, using the work of another practitioner is intended to include circumstances where the client has provided the assurance report as evidence to support assertions about the client's sustainability information, we believe this creates independence requirements that extend beyond what is required for a financial statement audit. The independence considerations laid out in Section 5406 should be limited to where the SAP has performed a review of the underlying work of the other practitioner. Since the concept of "another practitioner" is also included in ISSA 5000, we believe these concepts should be aligned through coordination between the Boards.

We also propose in paragraph R5406.5, where the other practitioner has already carried out the work and confirms understanding of and compliance with the relevant ethics, including a transitional provision that such confirmation can be made under Part 4B of the Code for a period of time to allow the market to adjust to the requirements in Part 5. See our response to question 24 regarding effective date.

MAZARS - Mazars Group

As highlighted in the explanatory memorandum, it would not be appropriate for the assurance provider to directly require another practitioner, who is not under their direction and supervision, to comply with the Code, especially as the other practitioner may have already completed their work. We agree, in principle, with the proposed requirements to make such a practitioner aware of the requirements of the Code and to request confirmation that the practitioner understands and has complied (or will comply) with those provisions, including independence. However, further guidance and clarity would be helpful as to what the IESBA means by the term "relevant ethics, and independence, provisions". Does this mean the full IESBA Code? Or are there only certain aspects of the provisions that might be relevant in some circumstances, in which case some examples would be helpful.

We note the requirement to obtain confirmation that the other practitioner is independent of the entity, within the meaning of the Code. While it might be expected that the other practitioner is aware of the independence requirements where they already apply the IESBA Code, or where Part 5 has been adopted in their jurisdiction for sustainability engagements, and would have established systems and processes to capture the relevant information, there may be jurisdictions where non-PA practitioners are not required to comply with IESBA provisions. In this situation it may be difficult to obtain such confirmations and it would be helpful to provide guidance as to what appropriate confirmation, alternative procedures or evidence may look like in this scenario.

We note that there are some minor inconsistencies between the definition of "another practitioner" between the IESBA Code glossary and the proposed ISSA 5000 presented at the March 2024 IAASB meeting. We urge the IESBA and IAASB to ensure full alignment of the definition of this new term.

MU - Muhammad Umar - Mo Chartered Accountants

The risk (high) of this (another outside assurance practitioner) is very dissimilar to independence requirements being communicated from the group auditor to component

auditor who will appreciate the nature, extent and scope of the requirements. It would be challenging to impose these standards on those who may not be regularly exposed and trained in these matters.

PKF - PKF Global

In our view, there might be factors, including ethical matters, which a firm should consider in determining if it is appropriate to use the work of another practitioner that performs assurance work at the firm's sustainability assurance client and whose work the firm is unable to direct, supervise and review. However, the current wording on this matter in Section 5406 of the IESSA does not refer to such considerations. In our view this could have the potential effect of encouraging the use, by a firm on a sustainability engagement, of another practitioner whose work the firm is unable to direct, supervise or review and without due consideration of threats to the fundamental principles in the IESSA from doing so. This scenario could lead to an over reliance by a firm on other practitioners.

By way of comparison, we note that ED ISSA 5000 addresses circumstances in which a firm might determine that the work of another practitioner is relevant to the firm's assurance engagement. In our view, the effect of this wording in ED ISSA 5000 is that a firm would not automatically use the work of another practitioner that it is unable to direct, supervise and review. Rather, if such circumstances applied, ED ISSA 5000 stipulates matters for the firm's consideration, relating to the relevance of the work of the other practitioner.

In our view, Section 5406 of the IESSA should incorporate matters for a firm to consider which are similar to those in the equivalent areas of ED ISSA 5000. Doing so would help reduce the risks we note above, of threats to compliance with IESSA's fundamental principles arising from an over reliance by a firm on other practitioners whose work the firm is unable to direct, supervise or review.

PP - Pitcher Partners Advisors Proprietary Limited

Yes, we agree in principle. However, we note the practical application of this has yet to be tested.

RSM - RSM International Limited

We agree with the proposed independence provisions set out in Section 5406 of ED-IESSA. However, Section 5406 does not appear to address the requirements when the SAP cannot confirm that the other practitioner followed the requested relevant independence requirements. We suggest that the IESBA add these requirements.

We found the diagram in Appendix 3 of the EM to be useful and recommend that the IESBA put the diagram into the IESBA Code, rather than leaving it in the EM. This may help the practitioner determine which section of the IESBA Code to follow and what kind of other practitioner they are using.

Academia and Research Institutes

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

Yes, but there is a need to clarify the distinction between 'assurance work' and 'work used in an assurance engagement'.

We concur with the proposed independence provisions set out in Section 5406. Independence is a fundamental component of audit (and assurance) quality (e.g., DeAngelo 1981). The quality of an assurance engagement, and the ability of sustainability assurance partitioners to comply with the fundamental principles of ethics depends as much on the work that the assurance practitioner relies on as it does on the assurance practitioner's work undertaken themselves.

We are, however, concerned with the lack of clarity between proposed Section 5406 and proposed Section 5390. Specifically, we are concerned with the distinction between 'assurance work' when independence is the standard required in Section 5406 and 'work used in an assurance engagement' when objectivity is the standard required in Section 5390. Although 'Another Practitioner' is defined, assurance work is not defined. Independence is a complex construct (e.g., Gramling et al. 2010; Tepalagul and Lin 2015; Church et al 2015) and it is likely to be even more complex when considered in light of the range of different expertise and relationships with the client (e.g., Boritz et al. 2020). Where possible, potential confusion should be minimised.

We encourage the IESBA to clearly distinguish between what is meant by 'assurance work' and 'work used in an assurance engagement' so as to identify any unintended consequences or difficulties in applying the new provisions (e.g., can an assurance practitioner clearly specify when work contributes to an assurance engagement as either assurance work or work used in an assurance engagement?). At a minimum, we believe that it would be appropriate for the IESBA to define 'assurance work'. We further note that the term 'assurance work' appears in Section 900, and any clarity of the term should also be consistent with intentions of that Section.

We further refer the IESBA to our response to the 'Using the Work of an External Expert' Exposure Draft where we raise concerns as to the purpose of additional rigour in Paragraph R390.8 in terms of assessing objectivity.

NSU - Nova Southeastern University

All students provided positive feedback, with some caveats.

- I agree with the proposal on independence provisions as set out in Section 5406. The proposal provides an elaborate approach that will safeguard independence within assurance engagement. The provision provides that when another practitioner's work is to be used, the practitioner must ascertain the independence of their findings. The provision also recognizes instances where compliance with the code cannot be enforced due to a practitioner's independence or previous completion under different guiding circumstances. In such situations, the practitioner should be informed of applicable standards, to make other experts aware of the relevant ethics, including independence and provisions, and request that the professional confirm that they understand and will comply or, if the work has already been carried out, has complied with such provisions. The exhaustive nature of the provision addresses the independence requirements satisfactorily, which ensures that sustainability assurance is done effectively.
- I agree with the proposed independence provisions set out in section 5406. This is very similar to auditor independence, in that if the external auditor is going to rely on work from another practitioner, the external auditors need to ensure independence with the

client before relying on their workpapers. For example, I used to be an internal auditor for an accounting firm, where the other accounting firm would always confirm with our team and firm that we were independent of the client before fully relying on some of our workpapers for controls being tested. I believe that even though someone else doing work for the client might not need to be independent, it is essential the firm performing the engagement certifies independence from the client before relying on the work. This is very important because if a sustainability assurance team were to rely on a shareholder's work of the client, this could affect the accuracy of the reports being created. Overall, it is best practice for any auditor to confirm independence and reliability before blindly using someone else's work.

- I agree with the provisions outlined in Section 5406. To prevent connivance and collusion, both parties (engagement team and another practitioner) shall, before either of them uses the works of the other, clarify the boundaries or extent of using the other's works. A certain level of independence must be achieved between the parties in order for the engagement team's work to be free from biases. If the engagement team uses the other practitioner's work, credit must be given nonetheless.
- Section 5406's recommended independence provisions are crucial for safeguarding the integrity and objectivity of sustainability assurance engagements. Independence ensures that practitioners can exercise professional judgment without bias or unnecessary influence, thereby improving the reliability of assurance reports. Supporting these provisions emphasizes a commitment to ethical principles, including integrity and objectivity. Supporting independence safeguards the public interest and maintains confidence in the profession's ability to provide fair assessments of sustainability performance.
- Yes, I do agree with the proposed independence provisions established in Section 5406. As integrity and independence is one of the principles in the AICPA Code of Conduct as well as an important part of the foundation of auditing, addressing the independence considerations is a vital part of sustainability reporting and assurance. Therefore, the provisions set forth in Section 5406 are critical in ensuring that the assurance work of another practitioner maintains and upholds the same integrity and independence standards as sustainability practitioners. Just as it is important to maintain independence and integrity in the opinions and conclusions in financial statements, it is equally important in sustainability reporting and assurance. Sustainability reporting should be fair, unbiased, and based on evidence; not influenced by management or other outside sources.
- Similar to financial audits, it is essential for group sustainability assurance firms to be able to outsource certain tasks in order to remain competitive and keep tasks delegated to the lowest cost level possible. As long as the individual/entity carrying out the separate tasks related to the sustainability assurance has no conflict of interest with the entity being reviewed, the prescribed method for ensuring compliance with the spirit of the IESSA seems appropriate. Where independence cannot be confirmed, the IESBA is correct in requiring the firm to decide whether it should proceed with utilizing the results of the other practitioner or not. Ultimately, as with financial audits, the firm is the one attesting to the validity of the report as presented. Responsibility rests with the firm and cannot be passed on to other practitioners. With well written subcontract agreements and engagement letters, this seems to be easily addressed.

- Having the same firm that conducts the financial audit be involved in the sustainability audits clearly has its pros and cons. While they are two separate engagements, they do have some areas that may crossover from one engagement to the other. Given that the sustainability audits would be a new venture, it seems that an existing audit firm would be most familiar with an organizations business and can most easily pivot into providing a sustainability audit. However, there is justification for including caps on the non-audit fees as well as transparency in reporting that information. It is a very real concern that as firms continue to compete for business that a financial opinion could be impacted by a firm's real or perceived threat of losing the sustainability audit engagement. Given that, a periodic review of the sustainability audits by an oversight committee would help to provide a level of comfort with the information being presented. Again, this is no different than the review of financial statement audits.

Question 11 - Disagree

Regulators and Oversight Authorities, incl. Monitoring Group members

IRBA - Independent Regulatory Board for Auditors

We have significant reservations about the appropriateness of the provisions in Section 5406 as it relates to Using the Work of Another Practitioner. Some of the reasons for this include:

There are not many examples, based on our experience, where this occurs in practice. It is our view that the sustainability assurance practitioner will generally do the assurance work themselves as opposed to relying on another practitioner.

In the context of the existing fundamental requirement in ISA 600 (Revised) for the group auditor or group engagement partner to have sufficient and appropriate involvement in the work of component auditors, it is uncertain how there can be a scenario where another practitioner that is not directed and supervised by the group auditor can perform sustainability assurance work for a component or an entity within the sustainability assurance client's reporting boundary and still enable the group sustainability assurance practitioner to reach an assurance conclusion (i.e. how or why this is not a limitation of scope).

The provisions in ISSA 5000 and the explanatory memorandum accompanying the ISSA 5000 do not address whether the IAASB intended to allow the reliance on the work of another practitioner for components or entities within the sustainability assurance client's reporting boundary or practically only envisioned this scenario arising with respect to sustainability assurance for value chain entities. To this extent, we question whether these separate provisions are needed i.e., will the independence requirements for Value Chain Entities in the new Section 5407 not already provide for this scenario?

The IESBA identified the impact of their [another practitioner's] work on the outcome of the engagement and the firm's responsibilities in using their work are different compared with other individuals who might be involved in the engagement, but who are not carrying out assurance work, such as external experts or data providers. However, the explanatory memorandum doesn't elaborate on this point to enable our better understanding of what

that difference in risk to independence is or when the risk is relevant considering the preceding comments made.

There was some confusion about the consequence of the independence provisions. The difficulty in understanding the specific independence requirements relates to how it has been drafted in the IESBA Code (if you disregard the details in the explanatory memorandum). Specifically, paragraph R5406.5 is unclear about whether the entity is scoped into the definition of the group sustainability assurance client or not.

Professional Accounting Organizations (PAOs)

AE - Accountancy Europe

We believe that without supporting guidance and further clarification, consistent application of the requirements in Section 5406 will not be possible in practice.

The ability of the practitioner to obtain confirmation from other practitioners will be limited when they are not able to direct, supervise and review other practitioners' work. Furthermore, the proposals do not clarify the implications if the other practitioner does not respond to the request for confirmation.

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

Overall response: No.

Detailed comments: As proposed, this section addresses instances when a component of the sustainability assurance client is subject to a sustainability assurance engagement by another practitioner and the client's sustainability assurance practitioner is unable to direct, supervise, and review the assurance work performed at the component. This is inconsistent with the independence requirements for financial statement audits. Also, it is not clear if Section 5406 is consistent and operable with IAASB's requirements in ISSA 5000 with respect to using another practitioner.

It is our understanding that ISSA 5000 describes using the report (rather than "work") of another practitioner similarly to how a practitioner would use a service organization's report on controls in a financial statement audit. However, applying this assurance approach to a component seems to contradict the assurance standards premise that the practitioner should plan to be sufficiently involved in the assurance work, which a practitioner should be able to do for a component of a sustainability assurance client. We again recommend and encourage further coordination between IESBA and IAASB to clarify the intentions of the assurance standard and ensure that independence requirements are consistent and supportive of ISSA 5000.

IDW - Institute der Wirtschaftsprüfer (Germany)

The text is complexly worded. Our comments in response to q. 10 apply equally to this section.

We do not support this section fully and suggest that it be aligned to the IAASB's approach in ISSA 5000 as this area is a key issue for sustainability assurance, since the ability of the practitioner to obtain information from other practitioners they depend on to provide

assurance at the level required is also likely to be limited when they are not able to direct, supervise and review their work.

Furthermore, we suspect that in practice work already performed by other practitioners (i.e., before checking whether the required level of independence had been achieved) may not be able to be used.

IWP - Institut Österreichischer Wirtschaftsprüferinnen

Section 5406 requires the sustainability assurance provider to request from the “other practitioner” to confirm compliance with Part 5 of the Code. It does not state what the sustainability assurance provider should do if such request remains unanswered – which we consider to be the most likely situation.

Accredited conformity assessment bodies, certification bodies and other experts play an important role in the field of technical environmental information in our region. They have no incentive to answer such request, and we see a high practical barrier for the sustainability assurance provider to explain all the requirements of Part 5 to be met to such practitioners in an understandable manner in the first place.

Accounting Firms and Sole Practitioners

DTTL - Deloitte Touch Tohmatsu Limited

Section 5406 requires the firm to request a confirmation of compliance with the relevant ethics and independence requirements from the other practitioner but provides no basis on which the sustainability assurance practitioner can compel such a confirmation from a practitioner when they are not able to direct, supervise or review that practitioner’s work. Deloitte Global questions the value of including a potentially inoperable requirement in the proposed standard.

The section also provides no guidance on the actions the sustainability assurance practitioner should take to assess whether it can use the work of the other practitioner for the sustainability assurance engagement if the other practitioner does not provide the confirmation. Such assessment is assumed to be undertaken in accordance with an applicable sustainability assurance standard, but this concept does not exist in an assurance standard when the sustainability assurance practitioner cannot direct, supervise or review the work of the other practitioner. Additionally, it implies a sustainability assurance practitioner cannot use the work of the other practitioner at all if they have not been able to obtain a confirmation, which appears to be crossing over into what should be set forth in the assurance standards, not the ethical standards. We urge the IESBA to coordinate with the IAASB to address the requirements of using another practitioner who is not under the sustainability assurance provider’s direction, supervision and review to ensure the interoperability of the two standards.

PwC - PricewaterhouseCoopers International Limited

No, with comments below

The principle underpinning using the work of another practitioner is that the sustainability assurance practitioner is unable to direct and supervise that other practitioner or review their work. We therefore agree with the statement in the explanatory memorandum that “the firm cannot directly require that practitioner to comply with the Code’s provisions.”

ISSA 5000 acknowledges that when the sustainability assurance practitioner is unable to direct, supervise and review the work of another practitioner, there may also be barriers to communicating with that other practitioner, including that they may refuse to engage. Therefore, we question the practicality of the requirements in Section 5406, in particular requirements R5406.3-R5406.5. For example, R5406.3 states “....shall communicate at appropriate times the necessary information to enable that practitioner to confirm their compliance with those provisions.” The practitioner may not be able to have direct communications with another practitioner. The same challenge led to the accommodation in Section 5407 that the practitioner may rely on a statement in the other practitioner’s assurance report.

We note that it is also not clear that (as we understand from the Explanatory Memorandum (EM)) Section 5406 is limited to related entities, as it relies entirely on understanding the definition of sustainability assurance client.

The statement in paragraph 98 of the EM that “the other practitioner will need to be independent not only of the entity on whose sustainability information the other practitioner performs assurance work, but also its relevant related entities” may not be well understood. Indeed, we note that this is not clear from the drafting of R5406.5 (a) which refers to independence of the “entity”, and not sufficiently clearly “its related entities”. We recommend that this is clarified.

In addition, we suggest a reference in 5400.12c that use of the work of another practitioner at a value chain entity is addressed in 5407 (as noted in footnote 41 of the EM) - see also our response to Question 13, where this also needs to be made explicit in section 5407.

This said, given that intended scope, the application of this section itself may be expected to be relatively rare. We note that the IAASB has proposed additional guidance, to address PIOB observer concerns, to make clear that for related entities, the sustainability assurance practitioner ordinarily expects to be able to be sufficiently involved in the work of another firm (including directing, supervising and reviewing that work), and therefore that firm will be a component practitioner. In those circumstances Section 5405 would apply. The potential for the use of the work of another practitioner is expected to be much more common in relation to value chain components (see the proposed definition in Question 10) where direction, supervision and review by the group sustainability assurance practitioner is expected to often not be possible. See our further comments on this matter in response to Question 13.

In light of these challenges, we question whether Section 5406 is fulfilling the purpose the IESBA intended. Addressing use of another practitioner more holistically within Section 5407 may be a better solution. The IESBA could then consider what additional requirements or guidance, if any, would be appropriate to address the relatively rare circumstances when work of another practitioner is used in relation to a related entity.

Independence of another practitioner

For the reasons described above, we consider it impractical, and inconsistent with the expectation of not requiring compliance with the Code, to require the sustainability assurance practitioner to “make the other practitioner aware of the relevant ethics, including independence, provisions and request that practitioner to confirm that they understand and

will comply or, if the work has already been carried out, has complied, with such provisions”. R5406.3-R5406.5 are drafted in a manner that implies a level of access, communication to, and direction of another practitioner that is largely consistent with the relationship with a component practitioner within the organisational boundary of the entity.

If IESBA determines to retain Section 5406, we believe there is a lack of guidance as to how the sustainability assurance practitioner evaluates whether the confirmation obtained from another practitioner is reliable, i.e., whether they have a basis for claiming to be independent (R5406.5). In our view, if the other practitioner has not implemented systems designed to capture information necessary to make this evaluation, they may not be in a position to provide such a confirmation, and it may be less clear how the sustainability assurance practitioner could then place reliance on the confirmation received.

It is also unclear if the proposals are setting a requirement that if another practitioner has, or will, not comply with the independence requirements of Part 5 (including being independent of its client and its related entities), the sustainability assurance practitioner is therefore not permitted to use their work, or what the sustainability assurance practitioner needs to consider in determining whether the work is still permitted to be used. This should be clarified. For example, how is the IESBA addressing the fact that the IAASB’s standards include the concept of “requirements that are at least as demanding as the IESBA Code”?

If the requirement in 5406.5 is retained, and recognizing that not all jurisdictions adopt the IESBA Code, we recommend that the reference to ‘this Part’ be modified to include ‘or other ethical requirements in relevant law, regulation or professional requirements related to assurance engagements that are at least as demanding’.

Question 11 - No Specific Comments

Regulators and Oversight Authorities, incl. Monitoring Group members

ACRA - Accounting and Corporate Regulatory Authority (Singapore)

IOSCO - International Organization of Securities Commissions

Investors and Other Users

Ceres Accelerator

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

MSCI - Morgan Stanley Capital International

NBIM - Norges Bank Investment Management

SAAJ - The Securities Analysts Association of Japan

Preparers and Those Charged With Governance

Asma Jan Muhammad

BD - Bruno Dirringer

ICFOA - International CFO Alliance

Professional Accounting Organizations (PAOs)

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

FACPCE - Federación Argentina de Consejos Profesionales de Ciencias Económicas

GAA - Global Accounting Alliance

HKICPA - Hong Kong Institute of Certified Public Accountants

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

Accounting Firms and Sole Practitioners

BKTI - Baker Tilly International

GTIL - Grant Thornton International Limited

Academia and Research Institutes

NNN - Nada Naufal Director at the American University of Beirut

NRS - Professor Nicole Ratzinger-Sakel

Others

IBA - The International Bar Association

IIA - The Institute of Internal Auditors