

## IESBA Sustainability

### Question 24 – Agree

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

##### BAOA - Botswana Accountancy Oversight Authority

Aligning the effective date with that of the ISSA 5000 is supported.

##### CEAOB - Committee of European Auditing Oversight Bodies

12. The CEOB supports the IESBA's proposal to align the effective date of the final IESSA with the effective date of ISSA 5000 by the IAASB.

##### IAASA - Irish Auditing & Accounting Supervisory Authority

IAASA supports the IESBA's proposal to align the effective date of the final IESSA with the effective date of ISSA 5000 by the IAASB.

##### IFIAR - International Forum of Independent Audit Regulators

9. We support the IESBA's proposal to align the effective date of the final provisions of IESSA with the effective date of ISSA 5000 by the IAASB.

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

NASBA supports the IESBA's proposal to align the effective date of the final provisions with the effective date of ISSA 5000.

##### SGX - Singapore Exchange Limited

Yes.

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

Yes.

#### Investors and Other Users

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

Ans. Yes.

##### MSCI - Morgan Stanley Capital International

An alignment of the IESBA's effective date of implementation with the ISSA 5000 would be a welcome step resulting in a seamless implementation of the standards by the assurance practitioners and professional accountants.

#### Preparers and Those Charged With Governance

##### ICFOA - International CFO Alliance

Yes, we agree it would be in the public interest to align the effective date with that of the IAASB's ISSA 5000.

#### Public Sector Organizations

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

The proposed timing is considered to be reasonable.

### **GAO - US Government Accountability Office**

We support the IESBA's proposal to align the effective date of the final provisions with the effective date of ISSA 5000.

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

(        ) I do support 100% of respondents

(        ) I am not sure

(        ) I don't support (please qualify)

### **UNCTAD ARP - UNCTAD African Regional Partnership**

100% of respondents support the proposal for the effective date.

### **Independent National Standard Setter**

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

APESB supports the IESBA's proposal to align the effective date of the final provisions of the IESSA with the effective date of ISSA 5000.

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

### **AE - Accountancy Europe**

Yes, we support the IESBA's proposal to align the effective date of the final provisions with the effective date of ISSA 5000.

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

We do support. We believe that it is relevant to align the effective date of the final provisions with the date foreseen in ISSA 5,000, provided that the IESBA approves the final pronouncement in December of this year.

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

Comment

- Supporting the proposal to align the effective date of the final provisions with ISSA 5000, assuming approval by December 2024, is important for ensuring a smooth transition and implementation of the new standards.

### **CPAA - CPA Australia**

CPA Australia supports the IESBA's proposal to align the effective date of the final provisions with the effective date of ISSA 5000 on the assumption that the IESBA will approve the final pronouncement by December 2024.

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

Yes, the PTC supports the IESBA's proposal to align the effective date of the final provisions with the effective date of ISSA 5000 on the assumption that the IESBA will approve the final pronouncement by December 2024.

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

We support IESBA's proposal to align the effective date of the final provisions with the effective date of ISSA 5000 on the assumption that the IESBA will approve the final pronouncement by the end of December 2024.

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

Yes

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

IPA supports the IESBA proposal to align the effective date of IESSA with the effective date of ISSA 5000 on the assumption that IESBA will approve the final pronouncement by December 2024.

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

The KICPA supports the IESBA's proposal.

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

The Institute agrees with the alignment of the effective date of IESBA final provisions to the effective date of ISSA 5000; and emphasise the urgent need for the latter to be finalised.

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

Comment:

We agree with the proposed effective date.

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

SAICA supports the alignment of the effective dates of the final provisions with the effective date of ISSA 5000.

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

SOCPA Comments:

SOCPA agrees with the IESBA's proposal to align the effective date of the final provisions with the effective date of ISSA 5000 on the assumption that the IESBA will approve the final pronouncement by December 2024.

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

We agree with the IESBA's proposal to align both effective dates.

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

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

Yes, we support the IESBA's proposal to align the effective date of the final provisions with the effective date of the IAASB's proposed ISSA 5000 on the assumption that the IESBA will approve the final pronouncement by December 2024.

### **MAZARS - Mazars Group**

Response

We support the alignment of the effective date of the final provisions with the effective date of ISSA 5000, on the assumption that both standards are finalised as planned in 2024.

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

24. The alignment of effective dates is fair and justified.

**PKF - PKF Global**

PKF Global Response:. We are supportive of the IESBA's proposal to align the effective date of the final provisions with the effective date of ISSA 5000, on the assumption that the IESBA will approve the final pronouncement by December 2024.

**RSM - RSM International Limited**

We support the IESBA's proposal to align the effective date of the final provisions with the effective date of ISSA 5000 on the assumption that the IESBA will approve the final pronouncement by December 2024 to have relevant ethical standards for both PA and non-PA SAP when performing sustainability assurance engagements in accordance with ISSA 5000, notwithstanding our concern over the scope of the proposed Part 5 of ED-IESSA detailed in question #2.

**Academia and Research Institutes**

**DIRC - Deakin University Integrated Reporting Centre**

We support the IESBA's proposal to align the effective date of the final provisions with the effective date of ISSA 5000 on the assumption that the IESBA will approve the final pronouncement by December 2024.

**NSU - Nova Southeastern University (Florida)**

Question 24:

- As someone who is regularly subject to the implementation of guidance as it relates to financial audits and the effective dates of guidance, while this point seems to be an afterthought at the end of the summary memorandum, it is very important. One of the most frustrating aspects of implementing new guidance is inconsistent effective dates. This guidance would be most easily implemented alongside ISSA 5000. The effective date should be coordinated with the expected date of implementation for ISSA 5000. This puts pressure on the IESBA to complete its review and adoption by December 2024. From experience, I know that those target dates are not always met. But it would be most beneficial for the incorporation of these pronouncements to be done in tandem.
- Yes, I do support the IESBA's proposal to align the effective date of final provisions with the effective date of ISSA 5000. Because the IESBA has worked very closely with the IAASB in addressing mutual matters to ensure consistency in sustainability-related standards and various definitions, and because the two proposals have been aligned to be consistent and "interoperable," it would be prudent to align the effective dates of the final provisions as well.
- I do support the IESBA's proposal to align the effective date of the final provisions with the effective date of ISSA 5000 on the assumption that the IESBA will approve

the pronouncement by December 2024. Most practitioners who are familiar with the codes can understand IESSA's new requirements. There are currently no equivalent standards to ISA 600 and IESBA plans to issue non-authoritative guidance material for those who are not familiar with the codes to navigate IESSA. IESBA also expects there will be non-trivial implementation costs.

- Aligning the effective date of the final provision of the IESSA with the ISSA 5000 is a great strategy as both documents go in tandem covering Sustainability Assurance Engagements and the practitioners. The ISSA 5000 provides standards for conducting a sustainability report while the Exposure Draft from the IESBA dictates guidelines and ethical reasoning for sustainability assurance practitioners. Keeping both documents together keeps the information relevant and will allow readers a reference point.

## **Question 24 – Agree With Comments**

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

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

Overall Response: Yes, with one comment for your consideration.

35. We emphasise the need for a sufficient implementation period to allow for the development of support materials as well as opportunity for all users to familiarise themselves with the revisions and implementation materials.

### **Independent National Standard Setter**

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

Response:

We support the alignment of the effective date with the effective date of ISSA 5000.

To aid in ensuring the standard is profession agnostic, we recommend that the IESBA:

- a) Develop transitional provisions, refer to our answer to question 15 for further details and
- b) Release a “Get Started” guide for those professions who are not familiar with the IESBA's Code of ethics.

Transitional provision for providing non-assurance services

We are concerned that it is not clear whether the requirements apply prospectively or retrospectively.

We recommend that the IESBA should add a transitional provision to clarify that the proposals are not applicable to non-assurance services provided for services that might be currently performed by the assurance practitioners before the proposals take effect.

There may be services underway at the time the proposals become effective that are not in accordance with the proposed new independence requirements, but the practitioners who entered into those services provided them in good faith, following the independence

requirements at the time. The IESBA might consider adding a similar transitional provision that was adopted when NAS related revisions to the Code were adopted.

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

#### **ACCA - Association of Chartered Certified Accountants**

We support the IESBA's proposal to align the effective date of the final provisions with the effective date of ISSA 5000, on the assumption that the IESBA will approve the final pronouncement by December 2024. We would stress, however, that the imposition of a target deadline, and the associated desire to co-ordinate with the IAASB's timetable should not be prioritised at the expense of a high-quality standard which has been through all necessary elements of due process. We support the effective date whilst noting that it may be helpful for non-PAs to have transitional periods for first-time adoption to ensure appropriate implementation and interpretation of ED-IESSA. This alignment will encourage and facilitate consistency and coherence between standards, streamlining implementation processes for practitioners and stakeholders alike. We note that it is important to ensure that the timeline for approval and implementation allows for sufficient preparation and transition for affected parties, particularly non-PAs who may not be familiar with the terminology and associated professional judgements required for implementation. To that end, adequate lead time is crucial for practitioners to familiarise themselves with the new requirements, update internal procedures, and ensure compliance with the revised standards, alongside implementation of ISSA 5000 and the related reporting standards.

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

We support aligning the effective date with that of ISSA 5000, due to the interoperability between the two pronouncements, subject to the transitional provision we recommend in our response to question 15, and the clarification we recommend in our response to question 17. Although we note the ambitious timeline that both the IESBA and the IAASB are working to, and we are concerned that the timeline does not allow for significant changes to be re-exposed.

Furthermore, we encourage the IESBA to consider adding a similar transitional provision to that of the Revisions to the Non-Assurance Services Provisions of the Code. This would enable the firm or network firm to continue such engagements, entered into before the effective date and for which the work has already commenced, under the extant provisions of the Code until completed in accordance with the original engagement terms.

With regards to the proposed long association provisions, the coordination and management of auditor rotation requirements is already time consuming and costly for firms, and the proposals will only increase this complexity further. We recommend the IESBA clarifies whether they are intended to be applied retrospectively or prospectively from the proposed effective date.

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

Having in mind that in accordance with the CSRD, many companies are getting ready to prepare and publish sustainability reports, and have these reports subject to limited assurance, in 2025 for their 2024 financial year, the Effective Date for IESBA proposals should be aligned with the effective date of ISSA 5000.

The main concern is : shall the entities (small, medium and large) and the practitioners (including SMPs) be prepared for this challenge?

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

Yes, but we do not know whether it will be possible, since we believe there is a lot of work to do to improve the ED streamline and simplify it, better adapt it to the specifics of sustainability and correct the flaws.

What is important is the quality of the final proposal, and if it requires to take more time to finalize the proposal, it is better to do so than to rush it through and end up with a text that will satisfy no one. We believe it is important that IESBA thinks through the comments received on exposure, better coordinate with the IAASB and carefully weighs the consequences of its final proposal. IESBA should also be ready to have a progressive approach, rather than trying to solve all issues at once, on what is still an emerging topic in many countries.

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

We support the IESBA's proposal to align the effective date of the final provisions with the effective date of ISSA 5000.

In Europe, in accordance with the CSRD, many thousands of companies are getting ready to prepare and publish sustainability reports, and have these reports subject to limited assurance, in 2025 for their 2024 financial year. Hence, we urge the timely completion of this project and alignment of effective dates with those of the ISSA 5000.

### **FACPCE - Federación Argentina de Consejos Profesionales de Ciencias Económicas**

5) Given the complexities of this ED and the challenges of its potential implementation, we suggest that IESBA allow more time to analyze the text and make suggestions. This will require close coordination with the IAASB in light of the importance of aligning with the effective date of entry into force of ISSA 5000.

### **GAA - Global Accounting Alliance**

6. The proposal to align the effective date of the final provisions with ISSA 5000 is laudable; however, it may be impractical, given the level of post finalization work to be done to allow for translation into other languages, training, updates to quality management systems, information gathering, and the agnostic nature of the Code, to upskill a new stakeholder group with the requirement.

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

Though supportive of aligning the effective date of IESSA with ISSA 5000, there is concern as to whether the regulatory framework and enforcement regime for non-PAs will be in ready in time. A level playing field built on consistent regulatory oversight is needed. Otherwise, investors and other users of sustainability assurance information will not be able to rely on what companies report.

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



118. Whilst we recognise the importance of alignment with ISSA 5000, we consider that there may be practical advantages in introducing an appropriate transitional period to allow the development of norms and practice to enable a shared understanding of the obligations by Sustainability Assurance Practitioners of different backgrounds.

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

Yes.

In our response to the IAASB, we explained that given the length and complexity of the standard, the need for jurisdictions to translate adopt and potentially adapt the standards, the need to provide implementation guidance and training to practitioners and regulators, and the fact that early application of standards that have been issue is permitted, we believe that a (mandatory) effective date should be at least two years from the date the standard is issued.

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

We understand and support the Boards intention to align the effective date of the proposed revisions with ISSA 5000. However, we believe adequate time will be needed to allow training, translation etc. if IESBA Code changes and IAASB standards are released at a similar time and become effective at the same date. The adoption and implementation of the standards will require significant time to enact, and we are concerned that the timeline is not feasible.

#### **ISCA - Institute of Singapore Chartered Accountants**

We support IESBA's proposal to align the effective date of the final provisions with that of ISSA 5000. We also suggest for IESBA to collaborate with IAASB to allow jurisdictions the flexibility to determine and stagger the effective date(s) depending on when the respective jurisdiction's laws or regulations mandate the adoption of IESSA and ISSA 5000.

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

(Comment)

We support the IESBA's proposal to align the effective date of the final provisions with the effective date of ISSA 5000 on the assumption that the IESBA will approve the final pronouncement by December 2024.

We believe that a sufficient preparation period should be secured not only for sustainability assurance practitioners but also for entities designing and implementing relevant internal controls over reporting sustainability information, and those who establishing relevant laws and regulations in each jurisdiction, with a view to applying the provisions in Part 5 appropriately. Such preparation may include considering which sustainability assurance engagement meets the proposed criteria set out in paragraph 5400.3a, establishing a system to gather information about an interest, relationship or circumstance with a value chain entity set out in Sections 5407 and 5700 and fee-related information set out in Section 5410, establishing an organizational structure to address the provisions relating to long association of individuals (including leader rotation) with a sustainability assurance client set out in Section 5540 or organizing services to address the provisions relating to providing NAS set out in Section 5600. Furthermore, we believe that it is important to maintain a balance between providing education and guidance to the entities through advisory and



consulting services by a professional accountant or a sustainability assurance practitioner and compliance with the high level of ethics and independent standards such as those in Part 5 until practices related to reporting sustainability information mature to the level where a sustainability assurance engagement can be performed at the same level as an audit of financial statements. Therefore, we suggest the IESBA carefully consider the effective date of the final provisions and possible transitional provisions including step-by-step implementation.

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

On the assumption that the IESBA will approve the final pronouncement by December 2024, we support the proposal to align the effective date of the final pronouncement with ISSA 5000's effective date. Aligning these dates would help consistency in application and ensure a smoother transition for practitioners and stakeholders.

The proposed IESSA is a significant new set of requirements with an expanded intended user base. We recommend that the IESBA balance the perceived urgency for a final pronouncement with a sufficient implementation period and recognise the scale of the proposals and expectations where the proposed standards will also be used by non-accountant assurance practitioners, who may have a much greater implementation burden.

Based on the expected finalisation of the proposed Standard in Q4 of 2024, we recommend the following:

- Earliest feasible effective date would be June 2026 (i.e. information reported as at 15 June 2026 or periods beginning on or after 15 June 2026)
- Provisions may be early adopted in recognition of the demand in Europe as well as other jurisdictions where mandatory assurance is required earlier than the proposed effective date.

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

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

BDO supports the IESBA's proposal to align with the effective date of ISSA 5000. Also refer to BDO's recommendations made under questions 1 and 5 above, with regards to the effective date.

Recommendations:

BDO does foresee that it will take those outside of the accounting profession longer to come to grips with the IESSA, taking steps to narrow the gap by enhancing their policies and procedures, and to implement it in an effective and consistent manner. This may affect the usability and attractiveness of the standard for non-PA practitioners. The impact of this should be carefully considered by the IESBA, given that its use will be voluntary for many non-PA practitioners. BDO also recommends that the IESBA takes this into consideration when deciding on the effective date.

- Aligning the performance of sustainability assurance engagements with the policies and procedures in place within professional services firms for the performance of audits/reviews of financial statements, will require further substantial consideration and work effort. BDO recommends that the IESBA takes this into consideration and allows for sufficient time when deciding on the effective date.

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

To promote global adoption and consistent interpretation of Part 5, we urge the IESBA to coordinate with the IAASB on the points raised in our responses and provide sufficient time for implementation, which will allow the continued building of capacity and sustainability expertise among sustainability assurance practitioners. The appendix to this letter provides our responses to the specific questions posed in the Exposure Draft.

We support an effective date no earlier than 24 months from the approval of the final pronouncement, meaning if the final pronouncement is approved by December 2024, it would be effective for sustainability assurance reports for periods beginning on or after December 15, 2026. This time period provides the necessary time for effective implementation, as a shorter period would raise serious concerns whether SAPs who are not PAs and who have previously never applied these concepts would be able to understand the requirements and put the appropriate policies and processes into place in their organizations, while at the same time potentially needing to implement a system of quality management in response to ISSA 5000.

Alternatively, the IESBA could consider a phased approach for implementation starting not earlier than periods beginning on or after December 15, 2026. Transitioning in the requirements over an 18-to-24-month period, for example, by bringing in provisions that may be the biggest challenge for non-PAs and PAs alike, such as long association and NAS, prior to imposing the full requirements for ethics and independence will allow a more manageable implementation for all practitioners as they simultaneously navigate and build capacity in this complex and evolving area.

As stated in our responses to previous questions, we also suggest delaying determination of PIE and group audit proposals and suggest a transitional measure for using the work of another practitioner who asserts independence under Part 4B of the Code. The long association requirement for rotation will also be more manageable if the time-on period begins counting with respect to the first period the applicable roles serve on the SAE once the PIE proposals in Part 5 are effective. Ultimately, coordination with the IAASB is needed to align with the effective date of ISSA 5000.

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

Yes, we support this proposal. As mentioned in our response to question 20, the effective dates should all align.

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

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

Yes. However, we believe the timing of application needs to be considered for non-professional accountants who will require sufficient time to assess and determine whether an alternate code (if they use one) is as stringent, and/or to understand the obligations of the proposed Code.

## **PwC - PricewaterhouseCoopers International Limited**

Overall Response: Yes, with comments

We note that no effective date is proposed. Given mandatory assurance requirements being imposed in jurisdictions applicable to December 2024 period-ends for certain entities, for example in Europe, we agree that there is a clear and pressing need for a final pronouncement.

Notwithstanding the fact that the ED is grounded in Part 4A of the Code, this is a significant new set of requirements with an expanded intended user base. The IESBA needs to balance the perceived urgency for a final pronouncement with a sufficient implementation period, recognising the scale of the proposals and expectations that it will be used by non-professional accounting assurance practitioners, who may have a much greater implementation burden.

We agree that the effective date should be aligned with that of ISSA 5000. As noted herein, it is important that there is interoperability of both standards and we believe that this should be prioritised when considering the effective date.

In accordance with its due process, based on an expected finalisation of the standard in Q4 2024, the earliest feasible effective date the IESBA could consider would be June 2026 (“point in time” information reported as at or after 15 June 2026 or for reports covering periods beginning on or after 15 June 2026).

However, in recognition of demand in Europe and other jurisdictions where mandatory assurance will be required earlier than the effective date, we recommend the IESBA, as part of its package of materials published with the final pronouncement, provide clear guidance that the provisions may be early adopted, when firms are in a position to do so.

## **Question 24 – Disagree**

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

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

The Proposed IESSA will bring about a significant shift from market practices for both accountant SAPs and non-accountant SAPs. Specifically:

- accountant SAPs will need to adjust their existing systems, policies, and practices under Part 4B to meet the requirements mirroring Part 4A in Part 5, while
- non-accountant SAPs will need to implement Parts 1 and 3, in addition to Part 5. They also need to consider changing their network arrangement, which may take longer than adjusting their internal systems, policies and processes to meet the requirements.

In certain jurisdictions, professional bodies may adopt the IESBA Code before regulators enact the mandatory assurance requirements. A tiered approach or giving jurisdictions leeway to determine the effective date of the Proposed IESSA in line with the effective date of local laws and regulations will ease the adoption burden. We also look forward to the IESBA coordinating this implementation timing with the IAF.

## Professional Accounting Organizations (PAOs)

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

Overall response: We are not able to answer this question definitively without knowing the effective date for ISSA 5000.

Detailed comments: We believe that aligning the effective date with ISSA 5000 in theory is appropriate, but for the reasons outlined in “The proposed IESSA is not in the public interest” and “Due process” sections of this letter, IESBA should not be pressured to approve the IESSA until they are clear, consistent, and operable with ISSA 5000 and do not undermine the public trust in PAs.

Considering the operational changes needed by PAs, and even more so for non-PAs, a significant period of time will be necessary to implement.

#### Due process

We acknowledge that IESBA's December 2024 completion date is intended to align with the IAASB and other regulatory timelines. It is in the public interest to issue standards that practitioners can understand, align with IESBA's fundamental principles, are interoperable with the IAASB, and could be implemented by national standard-setters. Accordingly, IESBA should not be pressured to issue standards that do not achieve these goals.

### CAI - Chartered Accountants of Ireland

- We understand the IESBA intention to align the effective date of the IESSA with the effective date of ISSA 5000, general requirements for sustainability assurance engagements. However, we have the following concerns:
  - We fully support the work of IESBA to date in preparing these proposals. However, we believe further work and refinements are necessary to address key concerns raised through the consultation process, and to ensure the Code fully aligns with the Public Interest Framework. We would not be in favour of aligning with the effective date of ISSA 5000 at the expense of ensuring a high quality, implementable Code. We are very happy to provide whatever support we can to assist the IESBA in achieving this.
  - ISSA 5000 is still in draft stage, and IAASB is currently working to finalise these proposals. In several parts of our response, we recommended ensuring, where possible, alignment with the terms and relevant requirements of ISSA 5000, and relevant international auditing standards. We recommend at least waiting until ISSA 5000 is finalised before assessing the appropriate effective date of the IESSA.
  - Even when the effective date of ISSA 5000 passes, it will be adopted over various timeframes by different jurisdictions. Already some jurisdictions, such as Ireland, have indicated they will be initially adopting ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information, as a sustainability assurance framework. Mandatory sustainability reporting frameworks and sustainability assurance requirements are coming into effect in many jurisdictions, e.g. EU Member

States, sooner that ISSA 5000 will be finalised. Therefore, alignment with the effective date of ISSA 5000 is an ideal ambition, but not entirely necessary.

- Once the IESBA finalises the IESSA proposals, adequate time will need to be allowed for adoption within various jurisdictions by regulatory authorities, accreditation bodies, etc. In addition, adequate time would be needed to allow for translation into other languages, training, and for SAP firms to update or implement effective quality management systems to ensure compliance with the ethical standards. Given the agnostic nature of Part 5 of the Code, and the stakeholder group that will be new to the IESBA Code, we believe the timeframe required to achieve all this would be significantly longer than that allowed for previous updates to the Code.
- We would be supportive of an effective date that considers our concerns above, and we would also be supportive of any effective date allowing for early adoption.

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

Comments:

Due to the concerns mentioned above and given the complexity of the topic, extending the effectiveness of the proposal would allow auditing firms and non-accounting professionals to better prepare.

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

Comment:

No, we don't support this proposal as we believe that the revisions to the Code need to be approved before the ISSA 5000 becomes effective as the requirements of the Code will influence compliance with the requirements of ISSA 5000.

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

We prefer IESBA to take sufficient time to address the material issues and concerns raised, to seek feedback from sustainability assurance practitioners in order to identify relevant sustainability reporting and assurance-specific matters, to ensure the appetite of alternative sustainability assurance providers to adopt the code and to ensure full compability with legal requirements in the EU.

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

We appreciate the intention to align the effective date with ISSA 5000. However, sufficient time must be allocated for training, translation, and other preparatory activities, particularly if both the IESBA Code changes and IAASB standards are released simultaneously and take effect concurrently. Implementing these standards will necessitate a significant amount of time, and we are concerned that the proposed timeline may not be realistic.

Furthermore, if additional time is required to enhance the profession-agnostic functionality and usability of Part 5 of the Code, it would be preferable to prioritize this over aligning the final pronouncement date with ISSA 5000.

## **PICPA - Pennsylvania Institute of Certified Public Accountants**

Response – The committee believes that this timing is rushed. There are many significant public interest considerations that need to be evaluated prior to broadening the standards to non-PAs. Aside from these significant conceptual questions, there are many areas of the proposal that need to be evaluated and reworked before a final can be issued. We recommend a second exposure period and delayed effective date.

## **Accounting Firms and Sole Practitioners**

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

Deloitte Global believes the timeline for the IESBA to consider comments provided by stakeholders and approve this standard is too compressed, especially considering the significant impact not only on sustainability assurance practitioners, but also on the proper functioning of the sustainability reporting ecosystem and the rest of the professional services market. Deloitte Global is concerned that this accelerated timeline will result in an independence standard that is inoperable, does not align with current or proposed assurance standards, and puts the ultimate adoption of the IESSA at risk. We urge the IESBA take the time required to ensure that stakeholder concerns have been appropriately addressed and consider delaying certain parts of proposed Part 5 until they are supported by adequately finalized, mature and complete assurance standards that can be understood and applied consistently.

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

#### **Effective Date**

We believe the Board will have many comments and considerations to address resulting from the comment period and do not believe approving the final pronouncement by December 2024, to align with the IAASB, will give the Board ample time to go through due process, which is not in the public interest.

We are also concerned that the Board's objective to finalize the standard in December 2024 will not allow sufficient time to eliminate the inconsistencies between the IAASB and the IESBA's proposals. The IAASB is continuing to work on resolving comments from their exposure draft, and we believe it is important that the definitions and guidance in the assurance standards and the ethics and independence standards align.

The inconsistencies in the standards will lead to misapplication or inconsistent application of the standards which is not in the public interest. We strongly urge the Board to take their time and go through the due diligence process to ensure the two standards align.

## **Academia and Research Institutes**

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

Response:

No.

We would prefer that the IESBA allows as much time as is needed to develop a standard that meets the needs of users and the profession, rather than being committed to a deadline.



There is a risk that the standard will lead to unintended consequences, or that it will need to be revised prematurely if it is developed too quickly.

## **Others**

### **IBA - The International Bar Association**

Given the complexity of the draft, we would suggest that the timeline for the effective date of IESSA is delayed beyond December 2024 by a reasonable period to enable training, upskilling and awareness raising among non-PAs (including legal practitioners) of how the draft will apply to them. As suggested above, specific guidance to professions will likely be required, and this will take time to develop.

## **Question 24 – No Specific Comments**

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

ESMA - European Securities and Market Authority

IOSCO - International Organization of Securities Commissions

PAABZ - The Public Accountants and Auditors Board of Zimbabwe

### **Investors and Other Users**

Ceres Accelerator

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

NBIM - Norges Bank Investment Management

SAAJ - The Securities Analysts Association of Japan

### **Preparers and Those Charged With Governance**

Asma Jan Muhammad

BD - Bruno Dirringer

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

INCP - National Institute of Public Accountants of Colombia

NBA - Royal Netherlands Institute of Chartered Accountants

NYSSCPA - New York State Society of CPAs

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

AccountAbility

IAF - International Accreditation Forum

JAB - Japan Accreditation Board

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

Assirevi - Association of Italian Audit Firms

BKTI - Baker Tilly International

**Academia and Research Institutes**

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

NRS - Professor\_Nicole\_Ratzinger-Sakel

**Others**

IIA - The Institute of Internal Auditors