

Request for Specific Comments

The IESBA welcomes comments on the following specific matters. Where a respondent disagrees with a proposal, it will be helpful for the respondent to explain why and to provide suggestions for other ways to address the particular matter.

Sustainability Assurance

Main Objectives of the IESSA

1. Do you agree that the proposals in Chapter 1 of the ED are:
 - a) Equivalent to the ethics and independence standards for audit engagements in the extant Code? [See paragraphs 19 and 20 of this document]

Comment:

We agree with the proposal.

- b) Profession-agnostic and framework-neutral? [See paragraphs 21 and 22 of this document]

Comment:

The proposed IESSA requirements are similar to the requirements under existing IESBA Code for the audit and review of financial statements (Part 4A). We agree with the proposal.

2. Do you agree that the proposals in Chapter 1 of the ED are responsive to the public interest, considering the Public Interest Framework's qualitative characteristics? [See paragraph 23 of this document]

Comment:

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

Definition of Sustainability Information

3. **Do you support the definition of “sustainability information” in Chapter 2 of the ED? [See paragraphs 24 to 26 of this document]**

Comment:

We are supportive of the definition of “sustainability information”.

Scope of Proposed IESSA in Part 5

4. **The IESBA is proposing that the ethics standards in the new Part 5 (Chapter 1 of the ED) cover not only all sustainability assurance engagements provided to sustainability assurance clients but also all other services provided to the same sustainability assurance clients. Do you agree with the proposed scope for the ethics standards in Part 5? [See paragraphs 30 to 36 of this document]**

Comment:

We agree with the IESBA’s proposed scope for the ethics standards in Part 5 of the Code.

5. **The IESBA is proposing that the International Independence Standards in Part 5 apply to sustainability assurance engagements that have the same level of public interest as audits of financial statements. Do you agree with the proposed criteria for such engagements in paragraph 5400.3a? [See paragraphs 38 to 43 of this document]**

Comment:

We have no objection to the proposed criteria.

Structure of Part 5

6. **Do you support including Section 5270 in Chapter 1 of the ED? [See paragraphs 46 to 48 of this document]**

Comment:

We are supportive of the structure of the proposed IESSA including Section 5270 in Chapter 1 of the ED.

NOCLAR

7. **Do you support the provisions added in extant Section 360 (paragraphs R360.18a to 360.18a A2 in Chapter 3 of the ED) and in Section 5360 (paragraphs R5360.18a to 5360.18a A2 in Chapter 1 of the ED) for the auditor and the sustainability assurance practitioner to consider communicating (actual or suspected) NOCLAR to each other? [See paragraphs 56 to 67 of this document]**

Comment:

We have no objection to the above-mentioned provisions for the auditor and the sustainability assurance practitioner to consider communicating NOCLAR to each other.

8. **Do you support expanding the scope of the extant requirement for PAIBs? (See paragraphs R260.15 and 260.15 A1 in Chapter 3 of the ED) [See paragraph 68 of this document]**

Comment:

We are supportive of the proposal to expand the scope of the existing requirements for PAIB.

Determination of PIEs

9. **For sustainability assurance engagements addressed by Part 5, do you agree with the proposal to use the determination of a PIE for purposes of the audit of the entity's financial statements? [See paragraphs 80 to 85 of this document]**

Comment:

We agree with the proposal.

Group Sustainability Assurance Engagements

10. **The IESBA is proposing that the International Independence Standards in Part 5 specifically address the independence considerations applicable to group sustainability assurance engagements. [See paragraphs 86 to 92 of this document]**
- a) **Do you support the IIS in Part 5 specifically addressing group sustainability assurance engagements? Considering how practice might develop with respect to group sustainability assurance engagements, what practical issues or challenges do you anticipate regarding the application of proposed Section 5405?**

Comment:

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

b) If you support addressing group sustainability assurance engagements in the IIS in Part 5:

- i. Do you support that the independence provisions applicable to group sustainability assurance engagements be at the same level, and achieve the same objectives, as those applicable to a group audit engagement (see Section 5405)?**

Comment:

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

- ii. Do you agree with the proposed requirements regarding communication between the group sustainability assurance firm and component sustainability assurance firms regarding the relevant ethics, including independence, provisions applicable to the group sustainability assurance engagement? [See paragraph 88 of this document]**

Comment:

We have no objection with the proposal.

- iii. Do you agree with the proposed requirements regarding communication between the group sustainability assurance firm and component sustainability assurance firms regarding the relevant ethics, including independence, provisions applicable to the group sustainability assurance engagement? [See paragraph 88 of this document]**

Comment:

We have no objection with the proposed requirements regarding communication between the group sustainability assurance firm and component sustainability assurance firms regarding relevant ethics applicable to the group sustainability assurance engagement.

Using the Work of Another Practitioner

11. **Section 5406 addresses 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. Do you agree with the proposed independence provisions set out in Section 5406? [See paragraphs 93 to 101 of this document]**

Comment:

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

Assurance at, or With Respect to, a Value Chain Entity

12. **Do you support the proposed definition of “value chain” in the context of sustainability assurance engagements? [See paragraphs 102 and 103 of this document]**

Comment:

We have no objection on the proposed definition of “value chain” in the context of sustainability assurance engagements.

13. **Do you support the provisions in Section 5407 addressing the independence considerations when assurance work is performed at, or with respect to, a value chain entity? [See paragraphs 104 to 110 of this document]**

Comment:

We agreed with the proposal.

14. Where a firm uses the work of a sustainability assurance practitioner who performs the assurance work at a value chain entity but retains sole responsibility for the assurance report on the sustainability information of the sustainability assurance client:

- a) **Do you agree that certain interests, relationships or circumstances between the firm, a network firm or a member of the sustainability assurance team and a value chain entity might create threats to the firm’s independence?**

Comment:

We agree that certain interests, relationships or circumstances between the firm, a network firm or a member of the sustainability assurance team and a value chain entity might create threats to the firm’s independence.

- b) **If yes, do you support the approach and guidance proposed for identifying, evaluating, and addressing the threats that might be created by interests, relationships or circumstances with a value chain entity in Section 5700? What other guidance, if any, might Part 5 provide? [See paragraphs 111 to 114 of this document]**

Comment:

We are supportive of the approach and guidance proposed.

Providing NAS to Sustainability Assurance Clients

15. The International Independence Standards in Part 5 set out requirements and application material addressing the provision of NAS by a sustainability assurance practitioner to a sustainability assurance client. Do you agree with the provisions in Section 5600 (for example, the “self-review threat prohibition,” determination of materiality as a factor, and communication with TCWG)? [See paragraphs 115 and 116 of this document]

Comment:

We agree with the provisions in Section 5600.

16. Subsections 5601 to 5610 address specific types of NAS. [See paragraphs 118 to 120 of this document]

a) Do you agree with the coverage of such services and the provisions in the Subsections?

Comment:

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

b) Are there any other NAS that Part 5 should specifically address in the context of sustainability assurance engagements?

Comment:

We have no further comments.

Independence Matters Arising When a Firm Performs Both Audit and Sustainability Assurance Engagements for the Same Client

17. Do you agree with, or have other views regarding, the proposed approach in Part 5 to address the independence issues that could arise when the sustainability assurance practitioner also audits the client's financial statements (with special regard to the proportion of fees for the audit and sustainability assurance engagements, and long association with the client)? [See paragraphs 123 to 131 of this document]

Comment:

We agree with the proposal.

Other Matters

18. Do you believe that the additional guidance from a sustainability assurance perspective (including sustainability-specific examples of matters such as threats) in Chapter 1 of the ED is adequate and clear? If not, what suggestions for improvement do you have?

Comment:

We believe that the additional guidance provided is adequate and clear.

19. **Are there any other matters you would like to raise concerning the remaining proposals in Chapters 1 to 3 of the ED?**

Comment:

We don't have any matters to raise on the remaining proposals in Chapters 1 to 3 of the ED.

Sustainability Reporting

Scope of Sustainability Reporting Revisions and Responsiveness to the Public Interest

20. **Do you have any views on how the IESBA could approach its new strategic work stream on expanding the scope of the Code to all preparers of sustainability information? [See paragraphs 133 to 135 of this document]**

Comment:

We have no further comment on this.

21. **Do you agree that the proposals in Chapter 4 of the ED are responsive to the public interest, considering the Public Interest Framework's qualitative characteristics? [See paragraph 138 of this document]**

Comment:

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

Proposed Revisions to the Extant Code

22. **Do you agree that the proposed revisions to Parts 1 to 3 of the extant Code in Chapter 4 of the ED are clear and adequate from a sustainability reporting perspective, including:**

- a) **Proposed revisions to Section 220? [See paragraphs 139 to 141 of this document]**

Comment:

We agree that the proposed revisions to Section 220 are clear and adequate.

- b) **Proposed examples on conduct to mislead in sustainability reporting, value chain and forward-looking information? [See paragraphs 143 to 153 of this document]**

Comment:

We have no objection on the proposed examples on conduct to mislead in sustainability reporting, value chain and forward-looking information.

- c) **Other proposed revisions? [See paragraph 155 of this document]**

Comment:

We have no comment on the other proposed revisions.

23. **Are there any other matters you would like to raise concerning the proposals in Chapter 4 of the ED?**

Comment:

We do not have any further matters on this.

Effective Date

24. **Do you 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?**

Comment:

We agree with the proposed effective date.

Request for General Comments

In addition to the request for specific comments above, the IESBA is also seeking comments on the matters set out below:

Small- and Medium-sized Entities (SMEs) and Small and Medium Practices (SMPs) – The IESBA invites comments regarding any aspect of the proposals from SMEs and SMPs.

Comment:

This question is not relevant to us.

Regulators and Oversight Bodies – The IESBA invites comments on the proposals from an enforcement perspective from members of the regulatory and oversight communities.

Comment:

This question is not relevant to us.

Sustainability Assurance Practitioners Other than Professional Accountants – The IESBA invites comments on the clarity, understandability and usability of the proposals from sustainability assurance practitioners outside of the accountancy profession who perform sustainability assurance engagements addressed by the International Independence Standards in the proposed Part 5 of the Code.

Comment:

This question is not relevant to us.

Developing Nations – Recognizing that many developing nations have adopted or are in the process of adopting the Code, the IESBA invites respondents from these nations to comment on the proposals, and in particular on any foreseeable difficulties in applying them in their environment.

Comment:

We do not foresee any difficulties at this juncture.

Translations – Recognizing that many respondents may intend to translate the final changes for adoption in their own environments, the IESBA welcomes comment on potential translation issues respondents may note in reviewing the proposals.

Comment:

This question is not relevant to us.