



To,  
International Ethics Standards Board for Accountants (IESBA)

10<sup>th</sup> May , 2024

**Sub: Comments on Proposed International Ethics Standards for Sustainability Assurance (including International Independence Standards) (IESSA) and Other Revisions to the Code Relating to Sustainability Assurance and Reporting**

At the outset, we, at Indian Association of Investment Professionals (IAIP), a member society of the CFA Institute, appreciate the opportunity to submit our comments to the **Proposed International Ethics Standards for Sustainability Assurance (including International Independence Standards) (IESSA) and Other Revisions to the Code Relating to Sustainability Assurance and Reporting.**

IAIP is an association of over 2000 local investment professionals who are CFA charterholders and about 6000+ professionals who have cleared exams, eligible and awaiting charter. The Association consists of valuation professionals, portfolio managers, security analysts, investment advisors, and other financial professionals that promote ethical and professional standards within the investment industry, facilitate the exchange of information and opinions among people within the local investment community and beyond, and work to further the public's understanding of the CFA designation and investment industry.

CFA Institute is a global non-profit association of investment professionals with over 170,000 members in over 165 countries. In India, the community of CFA charterholders is represented by the Indian Association of Investment Professionals (CFA Society India).

Through our global research and outreach efforts, CFA Societies around the world endeavour to provide resources for policy makers, financial services professionals and their customers in order to align their interests. Our members engage with regulators in all major markets.

The proposed International Ethics Standards for Sustainability Assurance for setting out a framework of expected behaviors and ethics provisions for sustainability assurance practitioners and professional accountants involved in sustainability reporting and "Using the Work of an External Expert" is a positive step. We realize that the new proposed standards come as companies globally gear up to begin reporting on sustainability and climate-related risks, opportunities, and impacts. We have some suggestions concerning the proposal and its adaptability for Indian markets, which we have put forth in our comments.

We would be happy to hear and discuss the merits / demerits of suggestions proposed by other practitioners and request to be included in the deliberation process.

**A. Details of our Organisation:**

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**B. Key Contributors:**

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**C. Suggestions / Comments:**

| Sr. No. | Paragraph  | Suggestion/Comments  |
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| 1.      | <p><b>SUBSECTION 5113 –<br/>PROFESSIONAL COMPETENCE<br/>AND DUE CARE (page 12)</b></p> | <p>We appreciate the IESBA’s take this initiative setting out a framework of expected behaviors and ethics provisions for sustainability assurance practitioners. We realize its importance as assurance of Sustainability data is critical so investors and other stakeholders have access to high quality data. This would help in better assessment of the risks and opportunities of material ESG factors which in turn result in efficient decision making for the clients.</p> <p>However, we have some suggestions as below.</p> <ul style="list-style-type: none"> <li>• We believe it would be helpful to have more details on what is acceptable or considered a good competency or knowledge. Example – minimum years of experience, or education background, etc. Once it’s clearly defined, domestic institutions can develop programs to develop these competencies to provide better services.</li> <li>• The guidelines seem to be more principle based which can be easily mis-interpreted defeating the purpose. It would be helpful if we can also explain with few case based examples to clearly demonstrate the guidelines.</li> </ul> |
| 2.      | <p><b>R5113.3 Where appropriate, a sustainability assurance</b></p>                    | <p>We believe it may be challenging for the practitioner to explain the implications which is</p>  |



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|    | <p><b>practitioner shall make sustainability assurance clients or other users of the practitioner’s professional activities, aware of the limitations inherent in the activities and explain the implications of those limitations.</b></p>   | <p>multidimensional. Sustainability affects revenue, cost, assets/liabilities, and cost of capital through various transmission channels. It will extremely difficult for the assurance providers to explain the implications of those limitation</p>  |
| 3. | <p><b>FEES AND OTHER TYPES OF REMUNERATION</b><br/>Introduction<br/>5330.1 Sustainability assurance practitioners are required to comply with the fundamental principles and apply the conceptual framework set out in Section 5120 to identify, evaluate and address threats.<br/>5330.2 The level and nature of fee and other remuneration arrangements might create a self-interest threat to compliance with one or more of the fundamental principles. This section sets out specific application material relevant to applying the conceptual framework in such circumstances</p> | <p>We believe that for small and medium sized companies, especially in emerging markets i.e. India it would be difficult to afford the hefty fees for obtaining the sustainability assurance evaluation. We would suggest that there needs to be a mechanism to either subsidize these firms or maybe reduce the burden in some other way.</p>   |
| 4. | <p><b>Materiality in relation to sustainability information</b></p> <p>The determination of materiality involves the exercise of professional judgment and is impacted by both quantitative and qualitative factors. It is also affected by perceptions of the sustainability information needs of users.</p>   | <p>We would suggest that there is a need to have a conceptual framework and guidelines to determine the materiality.</p> <p>Sustainability standards is fairly new and evolving fast. There is no globally accepted or a golden standard which means that reporting by corporates can adopt different set of disclosure standards (SASB, GRI, ISSB etc.). This makes the assurance job more important and challenging to determine if the choice of metrics disclosed are material or disclosed in full.</p> |



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|  |  | It would be helpful to have a set of guidelines how assurance provider validate this rather keeping it to the subjectivity of the assurance provider |
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Thank you again for the opportunity to comment on this important regulatory framework. If you or your staff have questions or seek further clarification, please do not hesitate to contact Mr. Ravi Gautham, CFA at +91 99021 17087 or at [advocacy@iaipirc.org](mailto:advocacy@iaipirc.org).

Sincerely yours,  
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