



IKATAN AKUNTAN INDONESIA
(INSTITUTE OF INDONESIA CHARTERED ACCOUNTANTS)

Ref.: 1890/DKE/IAI/V/2024

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Ref: Comments on IESBA “Exposure Draft Proposed International Ethics Standards for Sustainability Assurance (including International Independence Standards) (IESSA) and Other Revisions to the Code Relating to Sustainability Assurance and Reporting

We hereby respond to the Exposure Draft: Proposed International Ethics Standards for Sustainable Assurance including International Independence Standards and Other Revisions to the Code Relating to Sustainability Assurance and Reporting.

In general, we agree with the proposal in the exposure draft, emphasizing the definition of 'sustainability information' as attached.

Should you have further concerns regarding our responses, please do not hesitate to contact us at iai-info@iaiglobal.or.id

Yours sincerely,



Dionieri

Chairman The Indonesian Ethics Standards Board
The Institute of Indonesia Chartered Accountants



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Appendix 1/1

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Comments on IESBA “Exposure Draft Proposed International Ethics Standards for Sustainability Assurance (including International Independence Standards) (IESSA) and Other Revisions to the Code Relating to Sustainability Assurance and Reporting

QUESTION	COMMENT
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] (b) Profession-agnostic and framework-neutral? [See paragraphs 21 and 22 of this document]	Yes
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]	Yes
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]	Yes, with a focus on environmental aspects so that it is in line with the sustainability standards issued by the ISSB.
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]	Yes
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]	Yes



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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]	Yes
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]	Yes
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]	Yes
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]	Yes
Group Sustainability Assurance Engagements	



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<p>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]</p> <p>(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?</p> <p>(b) If you support addressing group sustainability assurance engagements in the IIS in Part 5:</p> <p>(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)?</p> <p>(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]</p> <p>(iii) Do you agree with the proposed defined terms in the context of group sustainability assurance engagements (for example, “group sustainability assurance engagement” and “component”)?</p>	<p>Yes</p>
Using the Work of Another Practitioner	
<p>11. Section 5406 addresses the independence considerations applicable when the sustainability assurance practitioner plans to use the work of another practitioner who is</p>	<p>Yes</p>



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<p>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]</p>	
Assurance at, or With Respect to, a Value Chain Entity	
<p>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]</p>	Yes
<p>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]</p>	Yes
<p>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:</p> <p>(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?</p> <p>(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]</p>	Yes
Providing NAS to Sustainability Assurance Clients	
<p>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</p>	Yes



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<p>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]</p>	
<p>16. Subsections 5601 to 5610 address specific types of NAS. [See paragraphs 118 to 120 of this document]</p> <p>(a) Do you agree with the coverage of such services and the provisions in the Subsections?</p> <p>(b) Are there any other NAS that Part 5 should specifically address in the context of sustainability assurance engagements?</p>	<p>Yes</p> <p>No</p>
<p>Independence Matters Arising When a Firm Performs Both Audit and Sustainability Assurance Engagements for the Same Client</p>	
<p>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]</p>	<p>Yes</p>
<p>Other Matters</p>	
<p>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?</p>	<p>Yes</p>
<p>19. Are there any other matters you would like to raise concerning the remaining proposals in Chapters 1 to 3 of the ED?</p>	<p>No</p>
<p>Sustainability Reporting</p>	
<p>Scope of Sustainability Reporting Revisions and Responsiveness to the Public Interest</p>	
<p>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]</p>	<p>Preparation of sustainability information and its assurance involves professional accountants and other professionals who must apply the same professional ethical provisions. This requires communication with the relevant regulators.</p>



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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]	Yes
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] (b) Proposed examples on conduct to mislead in sustainability reporting, value chain and forward-looking information? [See paragraphs 143 to 153 of this document] (c) Other proposed revisions? [See paragraph 155 of this document]	Yes
23. Are there any other matters you would like to raise concerning the proposals in Chapter 4 of the ED?	No
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?	Yes