

RESPONSE TEMPLATE FOR EXPOSURE DRAFT ON INTERNATIONAL ETHICS STANDARDS FOR SUSTAINABILITY ASSURANCE

ART A: Respondent Details and Demographic information

Your organization's name (or your name if you are making a submission in your personal capacity)	Baker Tilly International
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Geographical profile that best represents your situation.	Global
	If "Other", please clarify
The stakeholder group to which you belong.	Assurance practitioner or firm - accounting profession
	If "Other", please specify
Should you choose to do so, you may include information about your organization (or yourself, as applicable).	Baker Tilly International is a network of independent accountancy and business advisory firms. Member firms of Baker Tilly International provide assurance, tax, consulting, and advisory services. Our 43,000 people in 658 offices across 141 territories serve clients of all sizes across all sectors, including listed entities and public interest entities (PIEs).

PART B: Responses to Questions in in the Explanatory Memorandum for ED-5000

The proposed International Ethics Standards for Sustainability Assurance (IESSA) introduces additional ethics standards for sustainability assurance. While this aims to elevate the quality of sustainability information, this adds complexity to an already intricate regulatory field.

To address this concern, the IESBA should emphasize the need for clear communication and education around the new standards. A clear rationale behind these additions and their implications should be provided. We look forward to IESBA providing guidance on how to navigate the complexities, ensuring that different groups of practitioners understand the standards' requirements and their impact on sustainability reporting.

We have identified some inconsistencies (see Appendix for detail) between existing Ethics and Independence standards and the proposed sustainability assurance standards which may lead to confusion among stakeholders and conflicting interpretations by users. IESBA should conduct a thorough review to identify any conflicting provisions and where inconsistencies exist. Efforts should be made to align the standards or provide clear guidance on how to address them.

Robust communication, education, and collaboration is needed to ensure successful implementation and understanding of these standards.

Appendix:

Section 5405 Group sustainability assurance engagements

We understand the need to ensure independence in group situations. However the exposure draft of ISSA 5000 does not (yet?) address group situations. The concept of a “component” is not recognized in ED ISSA 5000. We understand that is because the concept of “component” as described in the context of group audits of historical financial information does not readily read across to ESG information compiled in a group situation. It is unhelpful to pursue the concept of component in an ethics and independence setting while not addressing component in an assurance setting. We recommend removing section 5405 at this stage with a view to IESBA and IAASB coordinating their work and re-exposing their conclusions in a coordinated manner.

Extract from the Exposure Draft: R5405.5 Members of the group sustainability assurance team within, or engaged by, the group sustainability assurance firm and its network firms shall be independent of the group sustainability assurance client in accordance with the requirements of this Part that are applicable to the sustainability assurance team.

BTI Comment: The group sustainability assurance firm should also ensure that the other sustainability assurance firm is independent. This should be the responsibility of the group sustainability firm. This should be communicated and documented within the relevant files.