



**Moore Global Network Limited**

Fourth & Fifth Floors  
14-15 Lower Grosvenor Place  
London  
SW1W 0EX  
Tel: 020 8017 6415  
[www.moore-global.com](http://www.moore-global.com)

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Email: [KenSiong@ethicsboard.org](mailto:KenSiong@ethicsboard.org)

**MOORE GLOBAL SUBMISSION ON 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 welcome the opportunity to comment on this Exposure Draft.

Moore Global is a leading mid-tier network with over 37,000 people in 227 independent firms across 114 countries. All our member firms comply with the IESBA International Code of Ethics for Professional Accountants (including International Independence Standards). Our firms have a keen interest in ESG. The proposed IESSA, therefore, affects our Moore Global people and member firms.

We have gathered input from our network member firms across the globe. This includes both professional accountants that perform assurance work and those that only perform non-assurance services. These professional accountants have vast knowledge and experience in the ethics space.

We would appreciate the opportunity to engage further and to discuss the issues raised if required. Please do not hesitate to contact either Tony Caldwell at [tony.caldwell@moore-global.com](mailto:tony.caldwell@moore-global.com) or Tarryn Pedlar at [tarryn.pedlar@moore-global.com](mailto:tarryn.pedlar@moore-global.com).

Regards

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**Tony Caldwell**  
Global Director of Professional Standards

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**Tarryn Pedlar**  
Head of Global Conduct and Development



## Request for specific comments

### **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]

*We agree that that the proposals in Chapter 1 of the ED are similar to the ethics and independence standards for audit engagements in the extant Code. However, we recommend the following:*

- *The IESBA should map the differences between the two Codes. This will be to the benefit of non-accountants;*
- *Guidance for Part 5 and any other guidance written should be done in such a way that it is understandable to non-accountants.*

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

*Yes, we agree that the proposals are profession-agnostic and framework-neutral. However, given that the sustainability assurance providers are not necessarily professional accountants, we believe that more guidance and training will be necessary for those that are not professional accountants.*

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]

*Given the public interest in sustainability assurance, we agree that the proposals in 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]

*No, we do not support the definition of "sustainability information" in Chapter 2 of the ED. We believe that it is too broad and that only paragraph (b) of the definition is necessary as this will directly align the definition to the reporting and assurance frameworks.*

### **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, we agree with the proposed scope for the ethics standards in Part 5. It is imperative that a sustainability assurance practitioner apply the same ethics and independence standards when dealing with a sustainability assurance client, as a professional accountant in public practice, especially when considering non-assurance services that may be provided to a sustainability assurance practitioner.*

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]

*No, we do not agree with the proposed criteria. The independence standards should relate to all sustainability assurance services, including both reasonable and limited assurance engagements, as set out in 5400.3c of the ED.*



*We believe that 5400.3(a) should be revised to change the “and” at the end of para (a) to “or”. Currently, the reading of the current paragraph is taken to mean that voluntary sustainability assurance work is not covered by these independence standards. Only those required by laws and regulations or publicly disclosed to investors or other stakeholders.*

#### **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, we support the inclusion of Section 5270.*

#### **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, we support the provisions added to the extant Code and those in Section 5360. We believe that communication between the auditor and the sustainability assurance practitioner would enhance both engagements and a NOCLAR discovered by either practitioner could impact on the opinion/conclusion of the 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]*

*Yes, we support expanding the scope of the extant requirements for PAIBs. Requiring a PAIB to determine disclosing to the entity’s external auditor or sustainability assurance practitioner any NOCLAR that may have occurred at the employing organisation will enhance the reliability of the audit or sustainability assurance opinion or conclusion. It would assist in determining if any modification of the opinion or conclusion is necessary.*

#### **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]*

*While this will make it easier for professional accountants to determine whether a client is a PIE or not, it will not be easy for sustainability assurance providers who are not professional accountants to identify a PIE client, unless they are in communication with the financial auditor. There are also instances where the client may not be a PIE for audit purposes, but they may be for sustainability assurance services. These need to be included in the determination of whether the client is a PIE or not for sustainability assurance services.*

#### **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?

*Yes, we do support the IIS in Part 5 specifically addressing group sustainability assurance engagements. The challenges anticipated would be communication and methodologies used between the lead SAP and the component SAPs, similar to the challenges faced in a group financial audit as set out in ISA600.*



- (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)?

Yes

- (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]

Yes

- (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”)?

Yes

#### **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]

*Yes, 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]

*Yes, we support 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]

*Yes, we support the provisions in Section 5407. However, practically we are uncertain as to how the SAP will ensure the independence of the value chain SAP.*

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?

*Yes, we agree that threats to independence may be created.*

- (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]

*Yes, we support the approach and guidance in Section 5700. We do not believe that other guidance should be included in Part 5, but rather in non-authoritative guidance and training materials. This guidance should focus on practical case studies.*



### **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]*

*Yes, we agree with the provisions in Section 5600. The independence requirements for the provision of NAS by a SAP should be as strong as those required for a PA in public practice performing assurance work on a client.*

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?

*The same services that are covered in the NAS provisions in the extant Code are included in subsections 5601 to 5610. Therefore, yes, we are in agreement with the coverage of the services included in 5601 to 5610.*

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

*Not at the moment. However, the ESG environment is fast evolving and new NAS threats may come to the fore in the future.*

### **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]*

*The main independence matters arising appear to be from fees and long association with a client. We believe that as both engagements are assurance engagements and threats to independence will not arise in the same manner as NAS. Therefore, we agree with the proposed approach in Part 5.*

### **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?

*Yes, we believe that the additional guidance from a sustainability assurance perspective (in particular the threats) are adequate. Any further guidance should be in the form of case studies and non-authoritative guidance.*

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

*No. There are no other matters we would like to raise.*

### **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]*

*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.*



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, we believe that the proposals in Chapter 4 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]

Yes

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

Yes

(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?

*There are no other matters that we would like to raise concerning the proposals in Chapter 4.*

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