



08 August 2025

The Standards Department
Independent Regulatory Board for Auditors

standards@irba.co.za

Dear Standards Department

Revised IRBA Code due to IESBA Sustainability Changes

Updates to Illustrative Auditor's Reports because of the IAASB's narrow-scope amendments to ISA 700 (Revised)

We appreciate the opportunity to provide comments on the Revised IRBA Code due to IESBA Sustainability Changes ("Revised IRBA Code").

We are supportive of the view that the proposed IRBA Code has been updated to incorporate the ethics standards for sustainability assurance (including independence standards) and the standard on using the work of external experts, with the necessary South African enhancements.

We have provided our views on each question where feedback has been requested on the Exposure Draft. In providing our views, we considered the content included in the proposed IRBA Code. In addition, we have included general comments on the proposed changes, and observations on the IRBA Code.

1. Do respondents agree with the proposed South African application paragraph 5400.3b A1 SA that was added to section 5400 (Applying the Conceptual Framework to Independence for Sustainability Assurance Engagements) to elevate the interpretation of the general-purpose framework criterion in paragraph 5400.31(a) for practical application purposes? Refer to paragraphs 18-21 above.

KPMG supports the inclusion of paragraph 5400.3b A1 SA in the IRBA Code. We believe it provides helpful clarification for engagements involving a combination of sustainability reporting frameworks, ensuring consistent and practical application of the general-purpose framework criterion.

2. Do respondents agree with the proposed insertion of Appendices 2 and 3 from the IESBA Basis of Conclusion into the IRBA Code through the introduction of the Appendix to the Independence Standards for Sustainability Assurance Engagements, to support the understandability of the new independence provisions in sections 5405 and 5406? Refer to paragraphs 22 and 23 above.

KPMG agrees with the inclusion of Appendices 2 and 3 from the IESBA Basis of Conclusion in the IRBA code through the Appendix to the Independence Standards for Sustainability Assurance Engagements. We believe this addition enhances the clarity and understandability of the new independence provisions in sections 5405 and 5406.

To further improve the usability of the Appendix, KPMG recommends the following:

- Introduce cross-references to the Appendix at the beginning of sections 5405 and 5406, so that users are immediately aware of the supporting material available. This will help integrate the Appendix into the overall understanding of these sections.

We also note and appreciate the declaration at the start of the Appendix clarifying that it does not constitute a requirement or application material. This provides clarity to ensure that users will not misinterpret its status within the Code.

3. Do respondents support the introduction of the new South African requirement in paragraphs R410.31a SA and R5410.31a SA to encourage transparency and promote a consistent application of these requirements when performing both audit and sustainability assurance services? Refer to paragraphs 24 and 25 above.

KPMG supports the inclusion of paragraphs R410.31a SA and R5410.31a SA. These additions provide clarity and promote consistent application of fee disclosure requirements when both audit and sustainability assurance services are performed, aligning well with paragraphs 400.16a SA and 5400.16a.

4. Do respondents agree with the proposed extant South African amendments that have been transferred to Part 5? Refer to paragraphs 26 and 27 above and the table of the extant local amendments.

KPMG notes the following editorial points in relation to the extant South African amendments that have been transferred to Part 5:

- In paragraph 5115.9 A2 SA the 3rd bullet under the statement of “*Examples of ordinary electronic signatures that are not secure include, but are not limited to:*” states a “50.” As opposed to a 3rd bullet as would be expected.
- In paragraph 5115.11 A1 SA the 3rd bullet under the statement of “*The nature and extent of security provided, for example:*” states a “51.” As opposed to a 3rd bullet as would be expected.

Other than the items mentioned above, KPMG agrees with the inclusions of the extant South African amendments that have been transferred to Part 5.

5. Do respondents agree with the proposed consequential amendments to Parts 1-4 of the extant IRBA Code? Refer to paragraphs 28-31 above.

KPMG supports the proposed amendments to Parts 1–4 of the IRBA Code and welcomes the use of ISSAs as the foundational standards for sustainability assurance.

We also agree with the inclusion of paragraphs R410.31a SA and R5410.31a SA, which appropriately prompt registered auditors to consider the impact of performing both audit and sustainability assurance engagements.

6. Are there any other South African enhancements that respondents would like to raise for the CFAE’s consideration? If “yes”, please substantiate your proposal with the appropriate rationale.

No, KPMG does not have any other further enhancements to raise for the CFAE’s consideration.

7. Do respondents agree with the proposed effective date? Refer to paragraphs 33-39 above.

KPMG supports the proposed effective dates for Part 5 of the Code (excluding sections 5405 and 5406), the consequential and conforming amendments to Parts 1 and 3, and the revisions to Definitions (Chapters 1–3 and Chapter 4 of IESSA) and the sustainability reporting-related revisions to Parts 1 and 3 of the Code (Chapter 4 of IESSA).

Regarding the effective date for sections 5405 and 5406, KPMG acknowledges the current proposed effective date of these sections to be on or after 1 July 2028. The Exposure Draft does not specify why this date was chosen.

KPMG recommends that these provisions become effective two years after the implementation of the other sections, i.e. 15 December 2028. This would allow firms and the IRBA two full reporting cycles to observe and assess the practical application of the new independence requirements and to implement them more effectively. Such a phased approach would enable the IRBA to identify any implementation challenges and provide firms with the opportunity to refine their processes, thereby enhancing the reliability of assurance work performed at value chain components and ensuring alignment with the updated Code.

We would like to take the opportunity to thank the IRBA and the task group members for the proposed IRBA Code.

Comments on the Revised IRBA Code due to IESBA Sustainability Changes

If you would like to discuss our comments further, you may contact Terence Cheadle (Terence.Cheadle@kpmg.co.za), Shaheed Osman (Shaheed.Osman@kpmg.co.za), or Jon-Jon Jenks (Jon-Jon.Jenks@kpmg.co.za).

Regards

A handwritten signature in black ink, appearing to be 'T. Cheadle', with a horizontal line underneath.

Terence Cheadle

Audit Risk Management Partner