

IESSA Implementation Monitoring Mechanism

Background

1. The IESBA approved the *International Ethics Standards for Sustainability Assurance (Including International Independence Standards)* (IESSA) at its December 2024 meeting. The standards were certified by the PIOB in January 2025 and jointly launched with the International Auditing and Assurance Standards Board's (IAASB) ISSA 5000¹ later that month. The provisions in the IESSA will be effective for assurance engagements on sustainability information for periods beginning on or after December 15, 2026, or as at a specific date on or after December 15, 2026. This effective date is aligned with the effective date of ISSA 5000.
2. The IESBA also agreed to a longer effective date with respect to the independence provisions applicable to assurance work performed at a value chain component (VCC) in Sections 5405 and 5406 of the IESSA. In setting this longer effective date, the IESBA intended to provide additional time to support and facilitate market transition to the independence regime applicable to VCCs under the IESSA. At the same time, this extended period will enable the IESBA, in coordination with the IAASB, to monitor the evolution of assurance practice with respect to VCCs under ISSA 5000 and to consider the need for any response in relation to the VCC provisions.
3. In this regard, with the support and encouragement of the Public Interest Oversight Board (PIOB), the IESBA agreed to put in place an active monitoring mechanism to monitor the adoption and implementation (A&I) of the IESSA in the context of the evolving landscape of sustainability reporting and assurance. This active monitoring mechanism will be coordinated with the IAASB.

Matters for Consideration

Establishment of an IESSA Implementation Monitoring Advisory Group

4. As part of the active monitoring mechanism for the IESSA, the IESBA Planning Committee (PC) discussed the benefits of an advisory group of technical experts or others who are directly involved in the implementation of the IESSA or related initiatives at a firm or jurisdictional level. The PC agreed to recommend that the IESBA establish such an advisory group to advise the IESBA on its work related to monitoring the implementation of the IESSA.
5. **Agenda Item 3-C** includes the draft Terms of Reference (ToR) for the proposed IESSA Implementation Monitoring Advisory Group (IIMAG). The ToR specifies the key objectives, responsibilities and composition of the IIMAG.
6. The PC proposes that the IIMAG comprise:
 - An IESBA member, as Chair;
 - 12 individual members; and
 - An IAASB observer.
7. Members of the IIMAG may include individuals in the independence practice group in firms, sustainability assurance practitioners (professional accountants (PAs), conformity assessment

¹ International Standard on Sustainability Assurance 5000, *General Requirements for Sustainability Assurance Engagements*

bodies, or other practitioners), or representatives from jurisdictional standard setters, professional accountancy organizations, accreditation bodies, or regulators.

8. Subject to IESBA agreement to establish the IIMAG, IESBA Staff will seek potential candidates for membership. The A&I Working Group will consider the list of candidates and decide on the membership based on competencies and achieving a diverse mix of members based on geography and professional background.
9. The IIMAG will meet virtually on a quarterly basis or on other mutually agreed schedules. IESBA Staff will provide meeting support.
10. The Chair of IIMAG and IESBA Staff will provide regular updates on IIMAG's work to the Board.

Distinction Between the Sustainability Reference Group (SRG) and IIMAG

11. The IESBA established the SRG at the start of the Sustainability Project to act as a sounding board to the Sustainability Task Force and to ensure that the IESBA receives views from representatives of sustainability assurance practitioners (SAPs) and other stakeholders outside the accountancy profession. The SRG includes preparers, academics, SAPs, and a representative from the investor community. The Board determined at the December 2024 meeting to continue the SRG during 2025 with the objective of providing input into the development of implementation support materials, especially for non-PAs.
12. By contrast, the IIMAG is designed to assist the IESBA in gathering insights and perspectives from the broader assurance community with respect to practical or technical implementation matters that arise on the IESSA, and which affect all stakeholders and not just non-PAs. The IIMAG therefore includes a wider group of members than the SRG, including assurance practitioners (PAs and non-PAs), representatives from jurisdictional standard setters, professional accountancy organizations, accreditation bodies, and/or regulators.
13. Nevertheless, there is the possibility of inviting one or more SRG members to join the IIMAG, assuming they fulfill the criteria for membership.

Coordination with IAASB

14. With regard to the IAASB, an ISSA 5000 Technical Implementation Contact Group (TICG) is being established as part of the active monitoring mechanism regarding the A&I of ISSA 5000. The membership of the TICG will comprise approximately a dozen members and one observer from the IESBA Staff.
15. Common issues or questions regarding the implementation of the IAASB's and IESBA's respective sustainability standards can be identified, discussed and coordinated through the participation of the IAASB and IESBA observers in the respective groups.

Broader Engagement with Stakeholders

16. To enable the IESBA to receive information regarding the A&I of the IESSA from a wider range of stakeholders, IESBA Staff proposes that the IESBA also set up a digital platform on the IESBA website where stakeholders can register any issues or challenges related to A&I of the IESBA's sustainability-related standards. IESBA Staff will monitor input received through the digital platform. However, while the platform will acknowledge receipt of the matters raised by stakeholders, for

practical reasons, IESBA Staff will not respond to each of those matters. Instead, IESBA Staff will triage the issues registered and determine the more substantive ones to raise with the IIMAG.

17. In addition, a further avenue through which the IESBA may learn about A&I of the IESSA is through its ongoing engagement with key stakeholders, including:
 - The IESBA's liaison group of jurisdictional standard setters;
 - The Forum of Firms;
 - The IFAC Small and Medium Practices (SMP) Advisory Group; and
 - Regulators and oversight authorities in specific jurisdictions.
18. IESBA Staff will provide regular report-backs to the Board on the matters identified through discussion and interaction with stakeholders.

Action Requested

19. IESBA members are asked:
 - (a) To share views on the proposed way forward for the active monitoring mechanism related to the A&I of the IESSA, including:
 - (i) Establishing the IIMAG;
 - (ii) Creating a digital platform on the IESBA website to receive information from stakeholders regarding issues or challenges relating to the A&I of the IESSA; and
 - (iii) Ongoing outreach with key stakeholders;
 - (b) To provide input, with the view of approval, on the draft Terms of Reference for the IIMAG in **Agenda Item 3-C** and discuss the selection process and criteria for IIMAG members; and
 - (c) Whether there are other potential ways to obtain information to facilitate monitoring of the A&I of the IESSA.