

Independence Standards for Sustainability Assurance Engagements Outside the Scope of the IESSA

Approved Project Team Terms of Reference

(September 2025)

A. Background

1. The IESBA issued the profession-agnostic [International Ethics Standards for Sustainability AssuranceTM \(including International Independence StandardsTM\)](#) (IESSATM) in January 2025. The IESSA is effective for sustainability assurance engagements (SAEs) on sustainability information for periods beginning on or after December 15, 2026.¹ It is contained in Part 5 of the Code.
2. The IESSA was developed in close coordination with IAASB's [International Standard on Sustainability Assurance \(ISSA\) 5000, General Requirements for Sustainability Assurance Engagements](#) (ISSA 5000) that apply to all SAEs. A key premise in ISSA 5000 is that members of the engagement team are subject to the provisions of the Code related to SAEs, or professional requirements, or requirements in law or regulation, that are at least as demanding.²
3. While the ethics provisions in the IESSA (Sections 5100 to 5390) apply to all SAEs and other professional services performed for the same sustainability assurance client,³ the IESBA determined from the start that the International Independence Standards (IIS) in the IESSA should be scoped only to SAEs with the same level of public interest as audits of financial statements. Thus, the IIS in the IESSA (Sections 5400 to 5600) apply only to those SAEs where the sustainability information on which the sustainability assurance practitioner (SAP) expresses an opinion:
 - (a) Is reported in accordance with a general-purpose framework; and
 - (b) Is
 - (i) Required to be provided in accordance with law or regulation; or
 - (ii) Publicly disclosed to support decision-making by investors or other users.⁴
4. Regarding other SAEs that are not within the scope of the IIS in the IESSA, Part 4B of the Code sets out independence standards applicable to SAPs who are professional accountants (PAs). Such SAEs include, for example, engagements where the sustainability information on which the SAP expresses an opinion is reported in accordance with a special purpose framework.⁵ This approach is in line with the extant Code, which specifies for PAs different independence standards for audit and review engagements (Part 4A) and for other assurance engagements (Part 4B). Although Part 4B is currently

¹ The independence provisions in the IESSA applicable to assurance work performed at a value chain component are effective for SAEs on sustainability information for periods beginning on or after July 1, 2028.

² Paragraph 6 of ISSA 5000

³ Paragraph 5100.2a

⁴ Paragraph 5400.3b

⁵ Paragraph 5400.3e

applicable to PAs only, other SAPs are encouraged to comply with its provisions when performing SAEs outside of the scope of the IIS in the IESSA.⁶

5. During the public consultation on the exposure draft of the IESSA, a significant body of respondents supported the proposed scope for the IIS in Part 5.⁷ However, some respondents were of the view that if the provisions of Part 4B were not also applicable to non-PAs performing SAEs within its scope, there would not be a level playing field. They therefore strongly encouraged the IESBA to consider developing a profession-agnostic Part 4B for SAEs that are not within the scope of the IIS in Part 5.
6. Informed by the consultation on the exposure draft, and as part of its [Strategy and Work Plan 2024-2027 \(SWP\)](#), the IESBA agreed to consider how the Code might be enhanced, whether through revision of the extant Part 4B or the development of a Part 4B-equivalent to the IIS in the new Part 5, to ensure that all independence standards for SAEs are addressed in the Code in a profession-agnostic manner. This workstream had been assessed as having a high priority, due to commence after the finalization of the IESSA.
7. In June 2025, the IESBA considered the recent trend towards deregulation with respect to sustainability reporting in some major jurisdictions and its implications for the IESBA's 2024-2027 SWP. As a result of the discussion, the Board agreed to establish a project team (PT) to obtain more information regarding the nature and extent of SAEs outside the scope of the IIS in the IESSA that are being performed in practice. Such information will help the Board's consideration of whether there is a sufficient basis to approve, in the public interest, a project proposal on developing profession-agnostic independence standards for such engagements.

B. Objectives

8. The objectives of the PT are to:
 - (a) Undertake fact-finding with a view to establishing a basis for a recommendation to the IESBA as to:
 - (i) Whether to undertake a project to develop independence standards for SAEs outside the scope of the IIS in the IESSA; and
 - (ii) Whether the approach to such a project should be profession-agnostic; and
 - (b) Subject to there being a sufficient basis for doing so,
 - (i) Identify options for the approach to developing such independence standards and their pros and cons from the point of view of maximizing the adoption and implementation (A&I) of those standards; and
 - (ii) Highlight questions of principle or judgment on which the IESBA's direction is needed before commencing any such project⁸.

⁶ Paragraph 5100.2b(b)

⁷ See paragraphs 73 to 77 in [Agenda Item 2B – Summary of Significant Comments to ED and TF Proposals](#) of the June 2024 IESBA meeting.

⁸ For example, whether or not the independence provisions should address the value chain.

9. The project focuses only on independence considerations for SAEs. It is not within the remit of this project to develop any recommendations regarding the extant provisions in Part 4B of the Code that also apply to assurance engagements other than SAEs.

C. Focus and Approach

10. The PT's fact-finding will gather an understanding of:
 - (a) The nature and extent of SAEs outside the scope of the IIS in the IESSA that are being performed globally by SAPs who are either PAs or non-PAs;
 - (b) The standards (i.e., reporting, assurance, and ethics and independence standards) that those practitioners use to undertake those engagements;
 - (c) Whether the extant provisions in Part 4B – originally developed for assurance engagements other than audit and review engagements – sufficiently address the independence considerations for SAEs outside the scope of the IIS in the IESSA (e.g., considerations relating to assurance work performed in the value chain, and the performance of group engagements); and
 - (d) The public interest need for profession-agnostic standards for SAEs outside of the scope of the IIS in the IESSA.
11. The PT will coordinate its work closely with the IAASB.
12. To gather information regarding the matters set out in paragraph 8 above, the PT's activities will include:
 - Engagement with members of the IESBA-Jurisdictional Standard Setters (JSS) Liaison Group from jurisdictions where the IESSA has been, or is planned to be, adopted and implemented.
 - Targeted outreach to members of the [IESSA Implementation Monitoring Advisory Group \(IIMAG\)](#) and [ISSA 5000 Technical Implementation Contact Group \(TICG\)](#) and other stakeholders to gather information regarding SAEs performed by SAPs.
 - Collaboration with IFAC's sustainability research team and other professional bodies to gather relevant information.
 - Liaison with the International Accreditation Forum (IAF) with a view to undertaking a survey of SAPs who are not PAs.
 - Exploring commissioning academic or independent research to gain deeper insights into the nature of SAEs performed by SAPs who are non-PAs, the extent to which they use the IAASB's assurance standard ISAE 3000 or other assurance standards, and the extent to which they apply the Code.
13. The PT will also coordinate with the IESBA A&I Working Group to obtain relevant information from its work.

D. Timing

14. Subject to the IESBA's approval of the Terms of Reference, the timeline for this workstream is as follows:

Q4 2025 to Q2 2026	<ul style="list-style-type: none">• PT to conduct face-to-face and virtual outreaches and other information-gathering activities as part of the fact-finding effort
March 2026	<ul style="list-style-type: none">• Update to the IESBA on the PT's activities and preliminary findings for the IESBA's consideration and direction
June 2026	<ul style="list-style-type: none">• Final report and recommendations to the IESBA

E. Deliverables

15. The PT will present the IESBA with a report summarizing its findings and recommendations pursuant to the objectives in paragraph 8 above.

F. Composition

16. The PT consists of two IESBA staff members.
17. The PT is advised by two Board Advisors.