

**Meeting:** IESBA

**Meeting Location:** Lisbon, Portugal

**Meeting Date:** September 16 – 19, 2025

## Agenda Item

# 5

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

#### Objectives of the Session

1. To:
  - (a) Consider an update from the Project Team (PT)<sup>1</sup> for the new Workstream on the Independence Standards for Sustainability Assurance Engagements Outside the Scope of the *International Ethics Standards for Sustainability Assurance (including International Independence Standards)* (IESSA); and
  - (b) Discuss and approve the PT's Terms of Reference.

#### Background

2. The ethics provisions in the IESSA (Sections 5100 to 5390) apply to all sustainability assurance engagements (SAEs) and other professional services performed for the same sustainability assurance client. However, the IESBA determined that, as a first step, 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
3. 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.
4. 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 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.

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<sup>1</sup> The Project Team comprises Szilvia Sramko (IESBA Principal), as project lead, and Elaine Cahoon (IESBA Staff Fellow)

### **Project Team Activities**

5. During Q3, the PT developed its proposed Terms of Reference in **Agenda Item 5-A** with input from the Board Advisors assigned to this workstream.<sup>2</sup>

### **Action Requested**

6. IESBA members are asked to:
  - (a) Consider and provide input regarding the scope and activities of the PT's fact-finding; and
  - (b) Approve the Terms of Reference set out in **Agenda Item 5-A**.

### **Material Presented**

Agenda Item 5-A      Draft Terms of Reference

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<sup>2</sup> The Board Advisors are Mark Babington and Nancy Miller