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| **Meeting:** | IESBA |
| **Meeting Location:** | New York |
| **Meeting Date:** | December 7-10, 2026 |

**Agenda Item 5**

# Adoption & Implementation (A&I)

## Objectives of the Session

1. To consider the Adoption & Implementation Working Group's (A&I WG's) proposed:
   (a) Phase 2 Terms of Reference (Phase 2 ToR);
   (b) 2027 A&I WG Plan, including the continuation of the A&I WG's Phase 1 sustainability-focused activities and the expansion into a broader focus on A&I of the Code; and
   (c) Partnership arrangement with the Confederation of Asian and Pacific Accountants (CAPA) under the IESBA's Partnership Framework for Promoting A&I of IESBA's Standards (Partnership Framework), and the approach for future partnership arrangements.
2. To consider an update from the International Federation of Accountants (IFAC) Staff on IFAC's modernization of its Compliance Program.

## A&I WG Activities Since September 2026

3. During Q4 2026, the A&I WG considered:
   - Progress under the Partnership Framework with the initial eight prospective partners, and three additional prospective partners identified in Q3 2026, and the first proposed partnership arrangement with CAPA.
   - The A&I activities included within the IESBA's *Global Adoption & Implementation* strategic priority workstream for 2027 considered at the September 2026 IESBA meeting and the interaction of those activities with other IESBA workstreams.
   - The proposed Phase 2 ToR and 2027 A&I WG Plan including:
     - The Partnership Plan;
     - Continued liaison with IFAC as it modernizes its Compliance Program and the potential implications for IESSA adoption-status monitoring, jurisdictional profiles, and partnership planning;
     - The continuation of Phase 1 initiatives and the potential to avoid any duplicative activities relating to the IESSA adoption-status monitoring and jurisdictional profiles in Q2 2027 pending successful implementation of IFAC's modernized Compliance Program;

- New Phase 2 initiatives relating to broader A&I of the Code, including extended jurisdictional and regional engagement, "Use of the Code – Simplification", [1] proportionality of the Code, and A&I-related outcomes of the Restructured Code Post-implementation Review (PIR); and
- The prioritization, sequencing, timing, and resource implications of the proposed 2027 activities.

**Proposed Phase 2 ToR and 2027 A&I WG Plan**

4. The proposed Phase 2 ToR (refer **Agenda Item 5A**) would complement the A&I WG Phase 1 Terms of Reference approved by the IESBA in December 2024. Phase 1 focused on A&I of the IESBA Sustainability and Experts Standards[2] through three pillars: *Advocacy and Engagement*, *Capacity Building Through Collaboration*, and *Progress Tracking*. Those pillars would continue to underpin the A&I WG's approach under Phase 2.

5. The proposed 2027 A&I WG Plan (refer **Agenda Item 5B**) sets out the details of the initiatives and activities to be undertaken under Phase 2 in 2027 by bringing together four connected areas of work:

   (a) Continued Phase 1 activities supporting A&I of the IESBA Sustainability and Experts Standards;

   (b) Broader A&I of the Code through jurisdictional and regional engagement, Use of the Code – Simplification, proportionality of the Code, and A&I-related initiatives resulting from the Restructured Code PIR;

   (c) The 2027 Partnership Plan under the Partnership Framework; and

   (d) Liaison with IFAC on its Compliance Program modernization, which affects the IESSA adoption status monitoring, jurisdictional profiles, and the Partnership Plan.

6. The A&I WG's role would vary across the Phase 2 initiatives. The WG would oversee and coordinate the Partnership Plan and the continued sustainability-focused and broader A&I initiatives, with delivery undertaken by the A&I project team. The IIMAG, [3] Use of the Code – Simplification, proportionality of the Code, and A&I-related initiatives resulting from the Restructured Code PIR sit under the A&I umbrella for coordination and visibility. However, the substantive work on these initiatives would be undertaken by the relevant project teams, with the A&I WG acting primarily as a limited oversight and sounding-board mechanism.

7. The 2027 A&I WG Plan would constitute the annual Adoption Plan[4] and would remain dynamic. The A&I WG would apply a structured process to identify an A&I need, assess its priority, select an appropriate response, agree delivery, and review the outcome. The 2027 A&I WG Plan would be reviewed, updated, and reported to the IESBA quarterly. Activities may be continued, adjusted,

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1 The "Use of the Code – Simplification" is an IESBA SMART initiative.

2 *International Ethics Standards for Sustainability Assurance (including International Independence Standards)* (IESSA), Other Revisions to the Code Relating to Sustainability Assurance and Reporting, and Revisions to the Code on *Using the Work of an External Expert.*

3 IESSA Implementation Monitoring Advisory Group

4 The annual "Adoption Plan" is an IESBA SMART initiative.

deferred, or closed as circumstances and available capacity evolve. The review process in 2027 will inform the 2028 A&I WG Plan, to be presented at the December 2027 IESBA meeting.

8. Recognizing the IESBA's resource constraints, proposed Phase 2 activities would be phased and prioritized based on expected impact, urgency, pervasiveness, stakeholder responsiveness, and resource requirements. Accordingly, development of further outputs would depend on agreed scope and available capacity. Where planned activities exceed available capacity, the A&I WG would identify activities to be scaled back, resequenced, or deferred, or seek additional resources, for consideration by the IESBA.

*(a) Continued Focus on Sustainability A&I*

9. The A&I WG proposes to continue quarterly monitoring of the adoption status of the IESSA in coordination with the International Auditing and Assurance Standards Board (IAASB). Close coordination will continue in recognition that ISSA 5000[5] is premised on sustainability assurance practitioners complying with the relevant provisions of the IESBA Code, or requirements that are at least as demanding.

10. The A&I WG would continue its correspondence with the prioritized jurisdictions, including the seven additional jurisdictions following discussions with IFAC's Regional Relationship Managers, and consider the responses received on any A&I needs. Information and requests from jurisdictions would inform the 2027 A&I WG Plan, including the Partnership Plan as appropriate.

11. Towards the end of Q2 2027, the A&I WG would review the effectiveness of IFAC's modernized Compliance Program and compare the information IFAC will collect against the IESBA's needs and determine whether there is an opportunity to avoid any duplicative activities relating to IESSA adoption and profile work.

12. The A&I WG would also continue to coordinate with the IIMAG on implementation issues and challenges, including matters that may warrant additional IESBA Staff Q&As, joint IESBA-IAASB FAQs, or other non-authoritative material. More frequent IIMAG meetings are anticipated in 2027 following the December 15, 2026 effective date of the IESSA.

*(b) Broader A&I of the Code*

13. The scope of extended A&I activities would be determined over Q1–Q2 2027 and would remain dependent on available A&I WG and IESBA Staff capacity, taking into account the resources required for the Partnership Plan and whether any duplicative IESSA adoption-status monitoring and jurisdictional-profile work can be avoided. Potential activities include targeted engagement in jurisdictions or regions with lower Code adoption.

14. Other initiatives within the IESBA's *Global Adoption & Implementation* priority workstream are not directly included in the A&I WG's Phase 2 activities at this stage. The A&I WG would assess whether any A&I related initiatives arising from the NOCLAR® PIR and Role of CFOs Phase 2 final reports and recommendations, due to be presented to the IESBA in March and June 2027 respectively, fall under the WG's mandate.

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[5] International Standard on Sustainability Assurance 5000, *General Requirements for Sustainability Assurance Engagements*

15. Scoping for the Use of the Code – Simplification and proportionality of the Code initiatives and any A&I related initiative Restructured Code PIR initiatives would be undertaken by the relevant project teams in Q1 2027 with a report back to the IESBA at its March 2027 meeting: While these initiatives sit under the A&I umbrella for coordination and visibility, the substantive work would be undertaken by the relevant project teams, with the A&I WG acting primarily as a limited oversight and sounding-board mechanism. The oversight and sounding-board mechanism arrangements will also be determined by the A&I WG in Q1 2027 and reported back at the March 2027 IESBA meeting.

    - **Simplification** – scoping would identify means of determining where users may experience difficulty finding, understanding, or applying the Code.
    - **Proportionality** – scoping would likely include building on the IESBA's Guide on Proportionality of the IESBA Code issued in May 2026 and the identification of practical examples through interventions with the IFAC Small and Medium Practices Advisory Group, CAPA, and wider A&I engagement. These engagements will help identify challenges in applying the Code, and to assess whether the development or guidance or a standard-setting may be warranted.
    - **Restructured Code PIR** – The A&I WG would coordinate with the Restructured Code PIR project team on any recommendations relating to A&I, such as usability, proportionality, translation, the Guide to the Code, online resources, and drafting conventions. Priorities and dependencies would be agreed before delivery commitments are added to the 2027 A&I WG Plan, including consideration of overlap with the simplification and proportionality initiatives.

*(c) Partnership Framework and 2027 Partnership Plan*

16. During Q3 and Q4 2026, the A&I WG progressed outreach to the initial eight prospective partners discussed at the June 2026 meeting and identified three additional prospective partners.[6] The proposed 2027 Partnership Plan therefore covers these eleven selected prospective partners.

17. Initial discussions continue to demonstrate the need to apply the Partnership Framework flexibly. Sustainability remains an important focus, while broader A&I of the Code may serve as a more effective entry point for some partners, depending on their mandates, priorities, and capacity. The timing of each partnership remains subject to partner agreement and IESBA Staff capacity, and onboarding may need to be phased.

18. The A&I WG proposes to finalize onboarding of the selected eleven partners during Q1–Q2 2027 and commence agreed activities as the partnerships develop. Because many partnerships remain in the formation phase, the time and resources required are not yet known and will be updated as the work progresses. Partnership activation would be prioritized based on partner responsiveness, a clear A&I pathway, expected impact, measurable outcomes, and resource implications. The first activated partnerships would be treated as pilots to better understand the time and resources required. Once the initial partnerships are established, the A&I WG would consider from Q2/Q3 2027 whether to extend the partnership base.

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[6] United Nations Conference on Trade Development International Standards of Accounting and Reporting (UNCTAD ISAR), International Forum of Independent Audit Regulators (IFIAR), and the World Business Council for Sustainable Development (WBCSD)

19. The proposed partnership with CAPA is the most advanced. A draft joint statement of intent is subject to the respective CAPA and IESBA approval processes, with finalization planned after this meeting. A separate draft partnership plan identifies up to three dialogue sessions with CAPA members in 2027 and promotion of IESBA and CAPA activities through the respective communication channels. Accordingly, the A&I WG requests the IESBA to approve the proposed partnership arrangements with CAPA (refer **Agenda Item 5C**).

20. The A&I WG also seeks the IESBA's concurrence that future partnership arrangements may be finalized under Partnership Framework with the IESBA Chair's agreement, without returning separately for Board approval.

*(d) Coordination with IFAC*

21. IFAC is continuing to modernize its Compliance Program and targeting a February/March 2027 launch. The modernized program is expected to provide a more flexible, digitalized, and value-added approach to monitoring A&I, with a more granular adoption-status framework and enhanced methodology. IFAC expects monitoring of the IESSA adoption to begin from mid-2027. IFAC Staff will provide an update on the modernization of IFAC's Compliance Program during this meeting.

22. The accuracy and completeness of IFAC's Code adoption-status and Statement of Membership Obligations (SMOs) compliance data are critical inputs to the 2027 A&I WG Plan including the continuation of Phase 1 activities and the new Phase 2 activities. The A&I WG therefore proposes to continue close liaison with IFAC and avoid duplicating its work where possible. However, the Plan does not assume that IFAC's modernized Compliance Program will allow IESBA monitoring or jurisdictional-profile work to be reduced.

23. In Q2 2027, the A&I WG would review IFAC's arrangements and assess whether there is an opportunity to avoid any duplicative activities relating to IESSA adoption-status monitoring and jurisdictional-profiles. The separate IESBA SMART Jurisdictional and Stakeholder Matrix initiative is proposed to be deferred pending assessment of IFAC's adoption-status data and any remaining information gaps.

**Next Steps**

24. Subject to the IESBA's approval of the Phase 2 ToR, Phase 2 activities would commence in January 2027. The A&I WG would update the Board at its March, June, and September 2027 meetings on progress against agreed milestones, evidence accumulated, resource implications, and any changes to planned activities requiring Board direction. The review process throughout 2027 would inform the 2028 A&I WG Plan to be presented at the December 2027 IESBA meeting. The same cycle would follow in ensuing years.

**Action Requested**

25. IESBA Members are asked to:

    (a) Approve the Phase 2 ToR;

    (b) Provide views on the proposed 2027 A&I WG Plan and priority activities and delivery approach therein, with additional delivery commitments dependent on available capacity and agreed scope;

    (c) Approve the proposed CAPA partnership arrangement and concur that future partnership arrangements may be finalized under the Partnership Framework with the IESBA Chair's agreement, without returning separately for Board approval; and

    (d) Support the proposed approach of establishing the selected eleven partnerships under the Partnership Framework and defining the first agreed activities before considering any extension to the partnership base.

**Material Presented**

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| Agenda Item 5A | Phase 2 ToR – December 2026 Draft |
| Agenda Item 5B | Proposed 2027 A&I WG Plan – December 2026 |
| Agenda Item 5C | IESBA and CAPA Partnership – Draft Joint Statement of Intent |