IESBA Adoption and Implementation Working Group (A&I WG)
Phase 2 Terms of Reference (Phase 2 ToR)
(December 2026 – DRAFT)

A. Background

1. The IESBA Strategy and Work Plan 2024–2027 (SWP) recognizes adoption and effective implementation of the IESBA's standards as a matter of strategic importance to support the IESBA's vision.[1] Continued focus on adoption and implementation (A&I) is in the public interest as the IESBA's robust set of standards govern and guide ethical behavior (and independence as applicable). They also play an essential complementary role to, and underpin, reporting and assurance standards for financial and non-financial information.

2. At its June 2024 meeting, the IESBA agreed to establish a working group to develop a strategic approach to support adoption, implementation, and capacity building with respect to the IESBA's standards. The IESBA A&I WG was established in July 2024.

3. In December 2024, the IESBA approved the A&I WG's Terms of Reference (Phase 1 ToR), which set out a phased approach to achieving the A&I WG's objectives. Phase 1 focused on promoting A&I of the IESBA Sustainability and Experts Standards[2] through three key pillars: *Advocacy and Engagement*, *Capacity Building Through Collaboration*, and *Progress Tracking*.

4. The Phase 1 ToR[3] also anticipated that, based on the experience gained during Phase 1, a more general A&I plan for all IESBA standards would be considered for Phase 2, which will be coordinated with, and complement, the International Federation of Accountants' (IFAC's)[4] A&I work to monitor the status of adoption or usage of the Code.[5]

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1 A strategic theme in the SWP, "*widening the influence of the IESBA's standards through a continued focus on adoption and implementation,*" connects to the strategic driver of "*further increasing global adoption of the Code and supporting its effective implementation,*" which in turn influences IESBA's strategic vision:

> *To achieve global recognition and acceptance of its ethics (including independence) standards as being a cornerstone to ethical behavior in business and organizations, and to public trust in financial and non-financial information that is fundamental to the proper functioning and sustainability of organizations, financial markets and economies worldwide.*

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 Refer paragraph 21 of the Phase 1 ToR

4 IFAC undertakes A&I work, including monitoring the status of global adoption or usage of the Code amongst IFAC member bodies through its Statements of Membership Obligations. Utilizing this information, it collaborates with the IESBA each year to provide updated information on the adoption rates of the IESBA Code for inclusion in the IESBA Annual Report. IFAC regularly publishes new and updated information on the IFAC International Standards Adoption Map. Notably, IFAC is modernizing its Compliance Program, targeting a launch of the new program in February/March 2027, with monitoring of the IESSA adoption expected to begin from mid-2027.

5 The IESBA's *International Code of Ethics for Professional Accountants (including International Independence Standards)*

5. Key activities undertaken by the A&I WG in Phase 1 include:

   - Developed the IESBA's *Partnership Framework for Promoting A&I of IESBA's Standards* (Partnership Framework), approved at the December 2025 IESBA meeting. The Partnership Framework brings greater coordination, clarity, and consistency to the IESBA's outreach. The A&I WG developed a partner criteria and assessment mechanism and commenced outreach and onboarding of eleven selected prospective partners comprising global organizations and regional accountancy bodies.
   - Developed jurisdictional profiles for 24 prioritized jurisdictions and correspondence with relevant jurisdictional stakeholders to understand their A&I needs and priorities.
   - Monitored the IESSA adoption status in coordination with the International Auditing and Assurance Standards Board (IAASB).
   - Oversaw the IESSA Implementation Monitoring Advisory Group (IIMAG).
   - Undertook other stakeholder engagement, including regular coordination meetings with the International Sustainability Standards Board (ISSB) and the IAASB on matters of mutual interest.

6. At its September 2026 meeting, the IESBA agreed on its strategic priorities for 2027, which included a *Global Adoption & Implementation* priority workstream, which encompasses post-implementation reviews (PIRs), the development of non-authoritative material (NAM) and other implementation support, adoption monitoring, partnerships, adoption profiles, the IIMAG, and initiatives addressing the proportionality of the Code.

7. Phase 1 experience demonstrates that, while sustainability remains an important focus, broader A&I of the Code may serve as a more effective entry point for some prospective partners and stakeholders, depending on their respective mandates, priorities, and capacity. Accordingly, the Phase 2 ToR set out the A&I WG's approach to continue its A&I work, which complements the Phase 1 ToR. Detailed A&I WG initiatives and activities will be set out in its annual A&I WG Plan,[6] updated and presented to the IESBA each December for the ensuing year.

B. Objectives

8. The objectives of the A&I WG are to:

   (a) Promote A&I of the IESBA's standards;

   (b) Monitor A&I with respect to the IESBA's standards, in coordination with IFAC;

   (c) Support the effective implementation of the Code through raising awareness, capacity building, and overseeing initiatives to provide implementation support materials and enhance the Code's usability and accessibility;

   (d) Channel feedback and evidence from A&I activities to the relevant IESBA project teams to help inform future IESBA standard-setting and other activities; and

   (e) Develop recommendations to the IESBA relating to A&I as necessary.

[6] The annual A&I WG Plan constitutes the annual "*Adoption Plan*" as envisaged by the IESBA SMART Adoption Plan initiative.

C. Focus

9. Under Phase 2, the A&I WG's focus will broaden from the IESBA Sustainability and Experts Standards to A&I of the Code more generally, consistent with the focus envisaged in the Phase 1 ToR.[7]

10. The annual A&I WG Plan will set out the Phase 2 activities to be undertaken in the ensuing year. These activities will broadly comprise:

    (a) A continued focus on A&I of the IESBA Sustainability and Experts Standards, through the continuation, and where appropriate finalization, of Phase 1 initiatives;

    (b) A broader focus on A&I of the Code through new Phase 2 initiatives, including jurisdictional and regional engagement, Use of the Code – Simplification,[8] proportionality of the Code, relevant initiatives resulting from the Restructured Code PIR, and any relevant future initiatives identified by the A&I WG and approved by the IESBA; and

    (c) A Partnership Plan[9] to operationalize the Partnership Framework to support (a) and (b); and

    (d) Ongoing liaison and coordination with IFAC to support (a), (b), and (c).

D. Approach and Timing

11. The A&I WG will take a phased approach to achieve the objectives set out in Section B.

12. Details of the initiatives and activities to be undertaken in a given year will be set out in the relevant annual A&I WG Plan. The plan will remain dynamic and the A&I WG will review it quarterly and may continue, adjust, defer, or close activities as circumstances evolve. The review process throughout any given year will inform the A&I WG Plan for the ensuing year, to be presented at the December IESBA meeting of the preceding year, taking into consideration the IESBA's current strategy and work plan.

13. The three pillars established in the Phase 1 ToR – *Advocacy and Engagement*, *Capacity Building Through Collaboration*, and *Progress Tracking*[10] – will continue to underpin the A&I WG's approach for Phase 2, supported by feedback loops that channel evidence from A&I activities to relevant IESBA project teams.

14. The A&I WG's role will vary across the Phase 2 initiatives:

    - The A&I WG will oversee and coordinate the Partnership Plan, the continued sustainability-focused initiatives, and broader A&I engagement, with delivery undertaken by the A&I project team.
    - The IIMAG, Use of the Code – Simplification, proportionality of the Code, and any 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 will be undertaken by the relevant project teams, with the A&I WG acting primarily as a limited oversight or sounding-board mechanism.

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7 Refer paragraph 21 of the Phase 1 ToR.

8 The "*Use of the Code – Simplification*" is an IESBA SMART Framework initiative.

9 The "*Partnership Plan*" is an IESBA SMART initiative.

10 Refer paragraphs 13 to 20 of the Phase 1 ToR.

15. Other IESBA initiatives within the *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 will assess whether they fall under its mandate in due course, subject to Board deliberations on these other initiatives.[11] The A&I WG will keep in view other IESBA workstreams and related Board deliberations to determine if any A&I activities arising from these other IESBA workstreams fall under its mandate. This does not prevent A&I needs relating to these initiatives being addressed by the relevant project teams or through other stakeholder or partnership engagement activities.

16. The level of ambition for Phase 2 activities will be calibrated against available A&I WG and A&I project team resources and capacity. Recognizing these constraints, Phase 2 activities will be phased and prioritized based on their expected impact, urgency, pervasiveness, stakeholder responsiveness, and resource requirements, considering the resource needs across existing commitments. Where planned activities exceed available capacity, the A&I WG will identify whether existing activities can be scaled back, resequenced, or deferred, or seek additional resources, for consideration by the IESBA.

17. Where possible, the A&I WG will leverage partners' expertise, networks, and resources under the Partnership Framework and avoid duplicating work undertaken by IFAC and other organizations.

E. Deliverables

18. Subject to the IESBA's approval of these Phase 2 ToR, activities will commence in January 2027. Specific milestones and outputs will be dependent on matters that the A&I WG and the IESBA ultimately determine are appropriate to address, and the priorities assigned to those matters.

19. Under Phase 2, the A&I WG will:

- Develop an annual A&I WG Plan setting out the initiatives and activities for the ensuing year, including priority deliverables, accountable leads, resource impost, timing, decision points, and status. The annual Plan for a given year will be presented for the IESBA's consideration at the preceding December meeting.
- Update the IESBA quarterly on progress against agreed milestones in the annual Plan and any changes to planned activities that require Board direction.

F. Composition

20. The A&I WG will continue to consist of 4-5 IESBA members, supported by IESBA staff.

[11] For example, after the NOCLAR® PIR and Role of CFOs Phase 2 final reports and recommendations are presented to the IESBA in March and June 2027 respectively