

## **SUMMARY OF PROHIBITIONS IN THE IESSA™**

### ***Applicable to Sustainability Assurance Engagements of Public Interest Entities***

The [International Ethics Standards for Sustainability Assurance \(including International Independence Standards\)](#)™ (IESSA)<sup>1</sup> contains requirements and application material that apply when a firm performs a sustainability assurance engagement (SAE) – which meets the scoping criteria specified in the International Independence Standards™ (IIS) in the IESSA<sup>2</sup> – of a public interest entity (PIE). This high-level summary highlights specific prohibitions that are applicable to PIE SAEs, especially in relation to non-assurance services (NAS), relationships, interests or circumstances that bear on independence.

This publication is intended to be a useful reference to stakeholders, including regulators and audit/assurance oversight bodies, sustainability assurance (SA) practitioners (SAPs) (including audit firms, conformity assessment bodies or other practitioners), the corporate governance community, investors, preparers, and educational bodies or institutions. References to the relevant provisions in the IESSA are provided in footnotes to assist further understanding of the prohibitions.

This summary is not a substitute for reading the IESSA, which provides further specific details on the relevant provisions.

If a service, interest, relationship or circumstance is not covered by one of the prohibitions below, an SAP is required to apply the conceptual framework<sup>3</sup> to comply with the IIS. The application of the conceptual framework involves an analysis of the service, interest, relationship or circumstance to identify, evaluate and address threats to independence. It also involves using the reasonable and informed third party test.<sup>4</sup> If the service, interest, relationship or circumstance creates a threat that cannot be eliminated, or if safeguards are not available to reduce the threat to an acceptable level, the firm is required to decline or terminate the service, interest, relationship or circumstance, or end the SAE.

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<sup>1</sup> The IESSA is contained in a new Part 5 of the [International Code of Ethics for Professional Accountants \(including International Independence Standards\)](#) (the Code). This summary reflects provisions that are effective for sustainability 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, except for certain independence provisions applicable to value chain components which are effective July 1, 2028 (see the IESSA for more details). For an introduction to the IESSA, see the related fact sheet [Ethics & Independence for Sustainability Assurance – IESSA™](#) and [Technical Overview: International Ethics Standards for Sustainability Assurance \(IESSA\)](#).

<sup>2</sup> Per paragraph 5400.3b of the IESSA, the IIS in the IESSA only apply to a SAE where the sustainability information on which the sustainability assurance practitioner 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.

<sup>3</sup> See Section 5120, *The Conceptual Framework*

<sup>4</sup> Paragraphs R5120.5(c) and 5120.5 A9

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## Prohibitions in Relation to PIE Sustainability Assurance Clients<sup>5</sup>

### A. NAS Provided by a Firm or Network Firm that Might Create a Self-review Threat<sup>6</sup>

- Any NAS that might create a self-review threat.<sup>7</sup> These include:
  - Valuations and advisory services on forward-looking information.<sup>8</sup>
  - Tax advisory and tax planning services.<sup>9</sup>
  - Valuation for tax purposes.<sup>10</sup>
  - Providing assistance in the resolution of a tax dispute.<sup>11</sup>
  - Internal audit services.<sup>12</sup>
  - IT systems services.<sup>13</sup>
  - Litigation support services.<sup>14</sup>
  - Legal advice.<sup>15</sup>
  - Corporate finance services.<sup>16</sup>

The IESSA prohibits the following NAS to a PIE SA client if the NAS might affect the sustainability information on which the firm will express an opinion given the self-review threat that would be created:

- Sustainability data and information services, including preparing sustainability data records or sustainability information that is reported.<sup>17</sup>
- Calculations of current and deferred tax liabilities (or assets).<sup>18</sup>

<sup>5</sup> The NAS prohibitions also apply in circumstances where a firm or a network firm uses technology to provide a NAS or where it provides, sells, resells or licenses technology resulting in the provision of a NAS as set out in paragraphs 5600.6, 5520.3 A3 and 5520.7 A1.

<sup>6</sup> R5600.15 and R5600.17 (an exception to paragraph R5600.17 is set out in paragraph R5600.18)

<sup>7</sup> Materiality of the outcome or result of the proposed NAS is not a relevant factor when evaluating whether a self-review threat might be created.

<sup>8</sup> R5603.5

<sup>9</sup> R5604.15

<sup>10</sup> R5604.19

<sup>11</sup> R5604.24

<sup>12</sup> R5605.6

<sup>13</sup> R5606.6

<sup>14</sup> R5607.6

<sup>15</sup> R5608.7

<sup>16</sup> R5610.8

<sup>17</sup> R5601.6, 5601.3 A1

<sup>18</sup> R5604.10

## B. Other Prohibitions

In addition to the prohibitions on providing NAS to a PIE SA client that might create a self-review threat, the IESSA specifies certain other prohibited NAS, interests, relationships and circumstances between a PIE SA client and the firm or network firm, or specified partners or employees of the firm and their immediate family members. This is a high-level summary only.

### I. *Applicable to Firms or Network Firms (Unless Otherwise Stated)*

- Assuming a management responsibility for a PIE SA client.<sup>19</sup>
- A firm allowing the SAE fee to be influenced by services other than the SAE provided by the firm or a network firm to the PIE SA client.<sup>20</sup>
- A firm charging a contingent fee for a PIE SAE.<sup>21</sup>
- A firm charging a contingent fee for a NAS provided to a PIE SA client and the fee is material or expected to be material to the firm; a network firm that participates in a significant part of the SAE charging a contingent fee for a NAS provided to a PIE SA client and the fee is material or expected to be material to that firm; or when the outcome of the NAS (and therefore the fee) is dependent on a future or contemporary judgment related to the assurance of material information in the sustainability information.<sup>22</sup>
- A firm continuing to serve as the SAP for a PIE SA client when the total fees from that client represent more than 15% of the total fees received by the firm in each year after the SA opinion for the fifth year is issued, unless there is a compelling reason for continuing as the SAP having regard to the public interest, provided that specific conditions are met.<sup>23</sup>
- A firm evaluating or compensating a key SA leader based on that leader's success in selling NAS to the leader's PIE SA client.<sup>24</sup>
- Providing a NAS to a PIE SA client or any entity controlling or controlled by such PIE SA client if concurrence from those charged with governance (TCWG) has not been obtained.<sup>25</sup>
- A tax service, or recommending a transaction to a PIE SA client, related to marketing, planning, or opining in favor of a tax treatment that was initially recommended, directly or indirectly, by the firm or network firm, and a significant purpose of the tax treatment or transaction is tax avoidance, unless the firm is confident that the proposed treatment has a basis in applicable tax law or regulation that is likely to prevail.<sup>26</sup>
- Tax advisory and tax planning services to a PIE SA client, when the effectiveness of the advice provided depends on a particular treatment or presentation in the sustainability information, and the SA team has doubt as to

<sup>19</sup> R5400.20 (also applicable to non-PIE SA clients) (an exception to paragraph R5400.20 is set out in paragraph R5600.27)

<sup>20</sup> R5410.6 (also applicable to non-PIE SA clients) (an exception to paragraph R5410.6 is set out in paragraph R5410.7)

<sup>21</sup> R5410.9 (also applicable to non-PIE SA clients)

<sup>22</sup> R5410.10 (also applicable to non-PIE SA clients)

<sup>23</sup> R5410.20 (an exception to paragraph R5410.20 set out in paragraph R5410.21)

<sup>24</sup> R5411.4 (also applicable to non-PIE SA clients)

<sup>25</sup> R5600.23 (an exception to paragraph R5600.23 is set out in paragraph R5600.24)

<sup>26</sup> R5604.4, as such a NAS creates self-interest, self-review and advocacy threats (also applicable to non-PIE SA clients)

the appropriateness of the related treatment or presentation under the relevant sustainability reporting framework.<sup>27</sup>

- Acting as an advocate for a PIE SA client before a tribunal or court to assist in the resolution of a tax dispute,<sup>28</sup> other disputes or litigation.<sup>29</sup>
- Acting as an expert witness in a matter involving the PIE SA client<sup>30</sup> unless appointed by a tribunal or court or in relation to a class action.<sup>31</sup>
- Negotiating on the PIE SA client's behalf as part of a recruiting service.<sup>32</sup>
- Services involving the recruitment of directors or officers of the PIE SA client, or senior management who will have significant influence over the preparation of the client's sustainability information or the records underlying that information.<sup>33, 34</sup>
- Promoting, dealing in, or underwriting the shares, debt or other financial instruments issued by the PIE SA client or providing advice on investment in such shares, debt or other financial instruments.<sup>35</sup>
- Corporate finance services for a PIE SA client, when the effectiveness of the advice provided depends on a particular method of measurement or presentation in the sustainability information, and the SA team has doubt as to the appropriateness of the related method of measurement or presentation under the relevant financial or sustainability reporting framework.<sup>36</sup>

## *II. Applicable to Individuals Within a Firm or Network Firm (Unless Otherwise Stated)*

- Participating as a SA team member when an immediate family member is a director or officer of the PIE SA client, or an employee able to exert significant influence over the client's sustainability information or the records underlying that information, or was in such a position during any period covered by the engagement or the reporting period for the engagement.<sup>37</sup>
- Including an individual on the SA team if that individual was a director or officer of the PIE SA client, or an employee able to exert significant influence over the client's sustainability information or the records underlying that information during the period covered by the SA report.<sup>38</sup>
- A leader or employee serving as a director or officer of a PIE SA client.<sup>39</sup>

<sup>27</sup> R5604.13 (also applicable to non-PIE SA clients)

<sup>28</sup> R5604.26

<sup>29</sup> R5608.11

<sup>30</sup> R5607.9 (also applicable to an individual within a firm or network firm)

<sup>31</sup> Specific provisions relating to acting as an expert witness in a class action are set out in paragraph 5607.7 A3.

<sup>32</sup> R5609.5 (also applicable to non-PIE SA clients)

<sup>33</sup> R5609.6 (also applicable to non-PIE SA clients)

<sup>34</sup> Includes recruiting services that relate to the identification and selection, or advising on the terms of employment, of such persons

<sup>35</sup> R5610.5 (also applicable to non-PIE SA clients)

<sup>36</sup> R5610.6 (also applicable to non-PIE SA clients)

<sup>37</sup> R5521.5 (also applicable to non-PIE SA clients)

<sup>38</sup> R5522.3 (also applicable to non-PIE SA clients)

<sup>39</sup> R5523.3 (also applicable to non-PIE SA clients)

- A leader or employee serving as Company Secretary of a PIE SA client unless specified conditions are met..<sup>40</sup>
- A former leader or SA team member joining a PIE SA client as a director or officer or as an employee in a position to exert significant influence over the client's sustainability information or the records underlying that information if significant connections with the firm or a network firm remain..<sup>41</sup>
- A Chief Executive or equivalent of a firm..<sup>42</sup> or a key SA leader..<sup>43</sup> joining a PIE SA client as a director or officer or as an employee in a position to exert significant influence over the client's sustainability information or the records underlying that information before a defined period of time.
- Loaning personnel to a PIE SA client except under predefined circumstances..<sup>44</sup>
- Serving as a key SA leader, key audit partner, or a combination of such roles, for more than seven years on the SAE of a PIE SA client..<sup>45</sup>
- For a key SA leader or key audit partner serving a cooling-off period, engaging in certain restricted activities during the cooling-off period..<sup>46</sup>
- Serving as General Counsel of the PIE SA client..<sup>47</sup>

### *III. Applicable to Firms, Network Firms or SA Team Members*

- Accepting gifts and hospitality from a PIE SA client the value of which is other than trivial and inconsequential..<sup>48</sup>
- Offering, or encouraging others to offer, any inducement made with the intent to improperly influence the behavior of the recipient or of another individual with respect to a PIE SA client..<sup>49</sup>
- Accepting, or encouraging others to accept, any inducement made with the intent to improperly influence the behavior of the recipient or of another individual with respect to a PIE SA client..<sup>50</sup>
- Close business relationships with a PIE SA client or its management that are significant or entail a material financial interest..<sup>51</sup>

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<sup>40</sup> R5523.4 (also applicable to non-PIE SA clients)

<sup>41</sup> R5524.4 (also applicable to non-PIE SA clients)

<sup>42</sup> R5524.7 (an exception to paragraph R5524.7 is set out in paragraph R5524.8)

<sup>43</sup> R5524.6 (an exception to paragraph R5524.6 is set out in paragraph R5524.8)

<sup>44</sup> R5525.4 (also applicable to non-PIE SA clients)

<sup>45</sup> R5540.7 (exceptions to paragraph R5540.7 are set out in paragraph R5540.9, R5540.10, R5540.10a, and R5540.11)

<sup>46</sup> R5540.23

<sup>47</sup> R5608.9 (also applicable to non-PIE SA clients)

<sup>48</sup> R5420.3 (also applicable to non-PIE SA clients)

<sup>49</sup> R5340.7, 5420.3 A1 and A2 (also applicable to non-PIE SA clients)

<sup>50</sup> R5340.8, 5420.3 A1 and A2 (also applicable to non-PIE SA clients)

<sup>51</sup> R5520.4 (also applicable to non-PIE SA clients)

*IV. Applicable to Firms or Network Firms, or SA Team Members or their Immediate Family Members*

- Direct financial interest or material indirect financial interest in a PIE SA client,<sup>52, 53, 54</sup> including a financial interest held in a trust for which the firm, network firm or individual acts as trustee,<sup>55, 56</sup> or in an entity that has a controlling interest in the client and the client is material to the entity.<sup>57</sup>
- Financial interests in an entity in which a PIE SA client has a material financial interest, or whose affairs the client can significantly influence.<sup>58</sup>
- Loan or guarantee of a loan to a PIE SA client unless it is immaterial to the parties involved.<sup>59</sup>
- Loan or guarantee of a loan from (i) a PIE SA client that is a bank or similar institution unless provided under normal lending procedures, terms and conditions;<sup>60</sup> or (ii) a PIE SA client that is not a bank or similar institution unless it is immaterial to the parties involved.<sup>61</sup>
- Deposits or a brokerage account with a PIE SA client that is a bank, broker or similar institution unless held under normal commercial terms.<sup>62</sup>
- Business relationships involving common financial interests with a PIE SA client, or a director or officer of the client, in a closely-held entity, unless the business relationship is insignificant and the financial interest is immaterial and does not give control over the closely-held entity, to the parties involved.<sup>63</sup>

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<sup>52</sup> R5510.4 (also applicable to non-PIE SA clients)

<sup>53</sup> Also applicable to (a) any other leader in the office where the engagement leader practices in connection with the SAE, or any of that other leader's immediate family, and (b) any other leader or managerial employee who provides services other than SA to the SA client, unless their involvement is minimal, and any of that individual's immediate family

<sup>54</sup> An exception to paragraph R5510.4 is set out in paragraph R5510.5 provided that specific conditions are met.

<sup>55</sup> R5510.7 (also applicable to non-PIE SA clients)

<sup>56</sup> Paragraph R5510.7 specifies an exception provided that specific conditions are met.

<sup>57</sup> R5510.6 (also applicable to non-PIE SA clients)

<sup>58</sup> R5510.8 (also applicable to non-PIE SA clients)

<sup>59</sup> R5511.4 (also applicable to non-PIE SA clients)

<sup>60</sup> R5511.5 (also applicable to non-PIE SA clients)

<sup>61</sup> R5511.7 (also applicable to non-PIE SA clients)

<sup>62</sup> R5511.6 (also applicable to non-PIE SA clients)

<sup>63</sup> R5520.5 (also applicable to non-PIE SA clients)

This document was prepared by the Staff of the [International Ethics Standards Board for Accountants®](#) (IESBA®).

## About IESBA

The IESBA is an independent global standard-setting board. The IESBA's mission is to serve the public interest by setting high-quality, international ethics (including independence) standards as 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.

Along with the [International Auditing and Assurance Standards Board®](#) (IAASB®), the IESBA is part of the [International Foundation for Ethics and Audit™](#) (IFEATM). The [Public Interest Oversight Board](#) (PIOB) oversees IESBA and IAASB activities and the public interest responsiveness of the standards.

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