International Ethics Standards for Sustainability Assurance (IESSA)

IESBA Staff Questions & Answers

SEPTEMBER 2026

This Questions and Answers (Q&A) publication is issued by the Staff of the International Ethics Standards Board for Accountants (IESBA). It is intended to assist sustainability assurance practitioners (SAPs), jurisdictional standard setters, professional accountancy organizations, and accreditation bodies as they adopt and implement, or apply the provisions in the *International Ethics Standards for Sustainability Assurance (including International Independence Standards)* (IESSA™). The IESSA was issued as part of the IESBA's global ethics sustainability standards in January 2025. It is contained in, and is a part of, the *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the Code).

Refer to the June 2025 *IESBA Staff Questions & Answers – International Ethics Standards for Sustainability Assurance (IESSA)* for additional matters addressed by IESBA Staff to support the implementation of the IESSA.

The IESSA was developed in close coordination with the IAASB to ensure interoperability with the International Standard on Sustainability Assurance 5000, General Requirements for Sustainability Assurance Engagements (ISSA 5000™). Refer to the June 2025 *joint IAASB and IESBA Staff publication* on frequently asked questions related to sustainability assurance engagements, which addresses matters relevant to the application of both standards.

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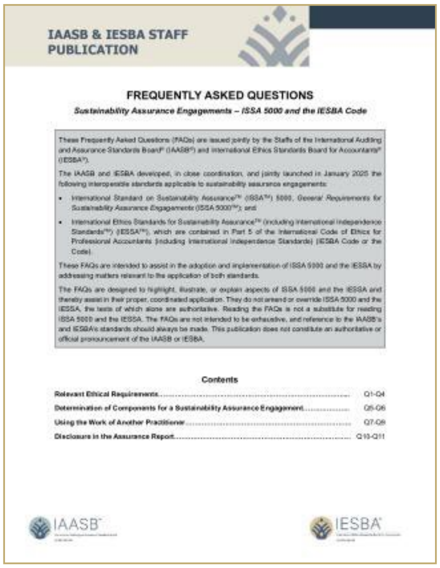
JUNE 2025



IAASB & IESBA STAFF PUBLICATION

FREQUENTLY ASKED QUESTIONS

Sustainability Assurance Engagements – ISSA 5000 and the IESBA Code

These Frequently Asked Questions (FAQs) are issued jointly by the Staffs of the International Auditing and Assurance Standards Board® (IAASB®) and International Ethics Standards Board for Accountants® (IESBA®).

The IAASB and IESBA developed, in close coordination, and jointly launched in January 2025 the following interoperable standards applicable to sustainability assurance engagements:

- International Standard on Sustainability Assurance™ (ISSA™) 5000, *General Requirements for Sustainability Assurance Engagements* (ISSA 5000™); and
- International Ethics Standards for Sustainability Assurance™ (including International Independence Standards™) (IESSA™), which are contained in Part 5 of the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code or the Code).

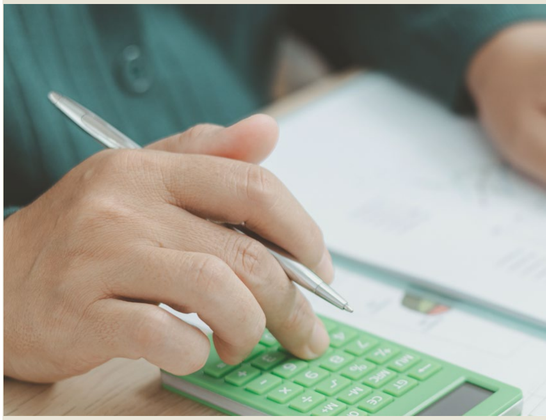
These FAQs are intended to assist in the adoption and implementation of ISSA 5000 and the IESSA by addressing matters relevant to the application of both standards.

The FAQs are designed to highlight, illustrate, or explain aspects of ISSA 5000 and the IESSA and thereby assist in their proper, coordinated application. They do not amend or override ISSA 5000 and the IESSA, the texts of which alone are authoritative. Reading the FAQs is not a substitute for reading ISSA 5000 and the IESSA. The FAQs are not intended to be exhaustive, and reference to the IAASB's and IESBA's standards should always be made. This publication does not constitute an authoritative or official pronouncement of the IAASB or IESBA.

Contents

This Q&A publication is designed to highlight, illustrate, or explain aspects of the IESSA and thereby assist in its proper application. The publication does not amend or override the Code, the text of which alone is authoritative.

Reading the Q&As is not a substitute for reading the Code. The Q&As are not intended to be exhaustive, and reference to the Code itself should always be made. This publication does not constitute an authoritative or official pronouncement of the IESBA.



Effective Date and Transitional Provisions[1]

Q1. A transitional provision to the IESSA sets out that if a firm has not served as the auditor of the financial statements for a sustainability assurance client that is a public interest entity (PIE), the requirement in paragraph R5540.10a[2] in the IESSA also applies where the firm will perform a sustainability assurance engagement (SAE) on sustainability information before the effective date of the IESSA.[3] Does this mean that paragraph R5540.10a does not apply when the firm was also the client's auditor before the effective date?

A. No. The transitional provision applies to an SAE on sustainability information for a period beginning prior to the effective date of the IESSA and which meets the scoping criteria in paragraph R5400.3b of the International Independence Standards (IIS) in the IESSA. When applying the leader rotation requirements in the IESSA for a sustainability assurance client that is a PIE, a firm should take into account all the years during which an individual has served as a key sustainability assurance leader (KSAL) on an SAE or a key audit partner (KAP) on the audit engagement for the same client, including periods before the effective date of the IESSA.

The reference in the transitional provision to situations where "the firm has not served as the auditor of the financial statements" was included because where the firm has served as the auditor for the PIE client, a KAP would already have been subject to the partner rotation requirements in extant paragraph R540.5 of Part 4A of the Code.

Accordingly, when determining whether the maximum seven-year time-on period has been reached under the IESSA, the firm should consider all the years during which the individual has served either as a KSAL[4] or as a KAP for the client, including service before the effective date of the IESSA. This approach ensures that prior service in any of those roles is appropriately recognized for purposes of applying the leader rotation requirements.

See also Q4-Q7 for further questions on leader rotation to address long association with a sustainability assurance client that is a PIE.

Q2. In line with the effective date provisions in the IESSA, a firm need not apply the provisions in Sections 5405[5] and 5406[6] applicable to assurance work performed at a value chain component (VCC) for SAEs on sustainability information for periods beginning prior to July 1, 2028, or as at a specific date prior to July 1, 2028. One of the conditions of this deferred effective date is that the group sustainability assurance firm or component practitioner that performs assurance work at the VCC apply the conceptual framework set out in Section 5120 in relation to such assurance work. However, paragraphs 5120.15 A1 and A2 specify that SAPs and firms are required to comply with the independence provisions of Sections 5400 to 5600. Does the reference to the conceptual framework in Section 5120 imply that Sections 5405 and 5406 must still be applied for SAEs on sustainability information for periods beginning prior to July 1, 2028?

A. No. The effective date provision in the IESSA already provides relief from applying the provisions in Sections 5405 and 5406 to assurance work performed at a VCC prior to the July 1, 2028 deferred effective date. The references to Sections 5400 to 5600 in paragraph 5120.15 A1 and A2 do not override this relief.

1 References to extant paragraphs in this publication are to the 2025 Code. Otherwise, they are to the 2026 Code.

2 Section 5540, *Long Association of Personnel (Including Leader Rotation) with a Sustainability Assurance Client*

3 Except for the provisions in Sections 5405 and 5406 applicable to assurance work performed at value chain components, the provisions in the IESSA will be effective for SAEs on sustainability information for periods beginning on or after December 15, 2026, or as at a specific date on or after December 15, 2026.

4 See also Q45 in the June 2025 *IESBA Staff Questions & Answers – International Ethics Standards for Sustainability Assurance (IESSA)*.

5 Section 5405, *Group Sustainability Assurance Engagements*

6 Section 5406, *Another Practitioner Whose Assurance Work is Used in a Sustainability Assurance Engagement*

However, as specified in the effective date provision of the IESSA, for such assurance work performed at a VCC prior to the July 1, 2028 deferred effective date, the following conditions would still need to be fulfilled:

(a) The group sustainability assurance firm or component practitioner that performs assurance work at a VCC should apply the conceptual framework set out in Section 5120 to identify, evaluate and address threats to independence in relation to such assurance work;

(b) If the group sustainability assurance firm intends to use the assurance work of another practitioner, the group sustainability assurance firm should be satisfied that the other practitioner is independent, and in that regard may rely on a statement of independence in accordance with Part 4B or other professional requirements relating to independence; and

(c) The group sustainability assurance firm should publicly disclose[7] that independence provisions applicable to assurance work performed at value chain components under the IESSA have not been applied, pursuant to a deferred effective date for such provisions as specified in the IESSA.

Q3. A transitional provision in the IESSA specifies that if a firm or a network firm has entered into a non-assurance service (NAS) with a sustainability assurance client before the effective date of the IESSA, and that NAS would be prohibited under Section 5600 and its subsections but for which work has already commenced, the firm or network firm may continue the NAS engagement in accordance with the original engagement terms for no more than one reporting cycle. What does a *reporting cycle* mean in this context?

A. The Code does not specifically define *reporting cycle* for the purposes of the IESSA. The reporting cycle is determined by the sustainability assurance client to meet its sustainability reporting needs or to comply with legal or regulatory requirements. In practice, the sustainability reporting cycle may often be aligned with the client's financial reporting cycle.

Leader rotation

Different Engagement Teams Performing the Audit Engagement and Sustainability Assurance Engagement for a PIE Client

Q4. Firm A has served as the auditor of Entity X, a PIE, since 2022. The same firm becomes the SAP for Entity X in 2024. Entity X's reporting cycle follows the calendar year. However, the audit of the financial statements and the SAE for Entity X are carried out by different engagement teams and different partners/leaders in the firm. How should Firm A calculate the maximum period an individual could serve as a KAP on the audit engagement and the maximum period another individual could serve as a KSAL on the SAE for Entity X once the IESSA becomes effective, assuming these individuals served in those roles from the date when the firm took on those engagements?

A. Whether Firm A has been the auditor of Entity X before being engaged by Entity X for the SAE does not impact the calculation of the time-on period an individual at the firm can serve as a KSAL, unless this individual has also served in any KAP role for the audit of Entity X previously. If an individual has served as both a KSAL and a KAP for Entity X, please see Q5 to Q7 below.

Paragraph R540.7[8] in Part 4A specifies the maximum time-on period the individual from the audit engagement team could serve as a KAP as follows:

Year	Role
2022	KAP
2023	KAP
2024	KAP
2025	KAP
2026	KAP
2027	KAP
2028	KAP
2029	Off
2030	Off

With respect to the individual serving as a KSAL on the SAE, the maximum time-on period is calculated by applying paragraph R5540.10a, as follows:

7 For a discussion on the manner of public disclosure, see Q11 in the *IAASB and IESBA Staff Publication on Sustainability Assurance Engagements – ISSA 5000 and the IESBA Code*

8 Please see consequential amendments to Section 540 in Part 4A that were adopted as part of the final pronouncement, *International Ethics Standards for Sustainability Assurance (including International Independence Standards) and Other Revisions to the Code Relating to Sustainability Assurance and Reporting*. These consequential amendments to Section 540 have the same effective date as the IESSA.

Year	Role
2022	-
2023	-
2024	KSAL
2025	KSAL
2026	KSAL
2027	KSAL
2028	KSAL
2029	KSAL
2030	KSAL
2031	Off

The length of the specific cooling-off period will depend on the specific KAP or KSAL role (or combination of such roles) served in accordance with paragraphs R540.13 to R540.20 in Part 4A and R5540.13 to R5540.20 in Part 5.

Individual Serving as Both Key Sustainability Assurance Leader and Key Audit Partner

Q5. Firm B has served as the auditor of the financial statements of a PIE since 2022. In 2026, Firm B is also appointed as the SAP for the same entity. An individual from Firm B has served as a KAP on the audit engagement since 2022 and, for the reporting period beginning on January 1, 2027, also serves as the KSAL on the SAE (in addition to serving as KAP on the audit engagement for the same period). How should Firm B determine the maximum time-on period the individual may serve as both KAP and KSAL for the same entity?

A. Extant paragraph R540.5 applies for audits of financial statements for periods beginning prior to December 15, 2026. Revised paragraph R540.7 applies for audits of financial statements for periods beginning on or after December 15, 2026. In addition, paragraph R5540.7 will apply for SAEs for periods beginning on or after December 15, 2026.

As the individual is the KAP on the audit engagement since 2022, extant paragraph R540.5 will apply for 2026 and prior years. Revised paragraph R540.7 will apply to the individual's role as KAP from 2027. Paragraph R5540.7 will apply to the individual's role as KSAL from 2027. The firm should reach the same conclusion that the individual reaches the maximum seven-year time-on period as KAP and KSAL in 2028, whether applying revised paragraph R540.7 under Part 4A or paragraph R5540.7 under Part 5. From 2029, the required cooling-off period begins and the individual may not serve as KAP or KSAL until the end of the cooling-off period.

Year	Role
2022	KAP
2023	KAP
2024	KAP
2025	KAP
2026	KAP
2027	KAP (Revised R540.7) KSAL (R5540.7)
2028	KAP (Revised R540.7) KSAL (R5540.7)
2029	Off

Q6. Firm C has served as the SAP for a PIE since 2022, performing SAEs that meet the same scoping criteria as SAEs within the scope of the IIS in Part 5 (i.e., the criteria set out in paragraph 5400.3b). In 2026, the firm is also appointed as the auditor of the financial statements for the same entity for the financial year starting from January 1, 2026. An individual from Firm C has served as an engagement leader on the SAE since 2022 and, from 2026, also serves as a KAP on the audit engagement. How should Firm C determine the maximum time-on period the individual may serve as both KAP and KSAL for the same entity once the IESSA is effective?

A. If Firm C has been the auditor of the PIE client, and the individual has already served as a KSAL and a KAP before the effective date of the IESSA, the application of paragraph R5540.7 in Part 5 and the revised paragraph R540.7 in Part 4A in the Code leads to the same conclusion.

Accordingly, the individual reaches the maximum seven-year time-on period at the end of the 2028 reporting period and, therefore, may last serve as a KAP or a KSAL in 2028 before the required cooling-off period begins.

Year	Role
2022	KSAL
2023	KSAL
2024	KSAL
2025	KSAL
2026	KSAL
2027	KSAL (R5540.7) KAP (Revised R540.7)
2028	KSAL (R5540.7) KAP (Revised R540.7)
2029	Off

Firm Performing Only the Sustainability Assurance Engagement for a PIE Client

Q7. Firm D has served as the SAP for a PIE since 2020 but is not the auditor of the entity's financial statements. An individual from Firm D has served continuously as a KSAL on the SAE since 2020 and the SAE was not within the scope of the IIS in the IESSA. The entity's reporting cycle follows the calendar year. How should Firm D determine the maximum period the individual may serve as a KSAL for the entity if the firm enters into an SAE within the scope of the IESSA for the 2026 reporting cycle?

A. The transitional provision applies in determining the individual's maximum period of service since the firm did not serve as the auditor of the PIE client prior to the effective date of the IESSA. Thus, in accordance with paragraph R5540.10a, the firm is required to include the years served as the KSAL before the effective date of the IESSA.

Accordingly, the individual reaches the maximum seven-year time-on period in 2026. Because the individual will have served 6 or more years on an SAE for the PIE client before undertaking an SAE within the scope of the IIS in the IESSA, under paragraph R5540.10a, the individual may continue to serve as the KSAL for up to two additional years (2027 and 2028), provided that those charged with governance (TCWG) of the entity concur.

After that period, the individual is required to follow the applicable cooling-off period before serving again as the KSAL on the engagement.

Year	Role
2020	KSAL
2021	KSAL
2022	KSAL
2023	KSAL
2024	KSAL
2025	KSAL
2026	KSAL
2027	KSAL (subject to concurrence of TCWG)
2028	KSAL (subject to concurrence of TCWG)
2029	Off

Non-Assurance Services

Q8. Firm E has been the auditor of Entity X, which is a PIE, since 2024. Firm E had also provided a permissible NAS to Entity X in 2024 related to designing and implementing a sustainability data collection system that gathers sustainability data related to workforce metrics from various business units. This work was completed in 2024, and Firm E no longer provides this NAS. An SAE with respect to Entity X's sustainability information will be performed for the first time in 2027. Can Firm E perform the SAE despite the provision of the NAS in 2024?

A. Paragraph R5400.32 in the IESSA prohibits a firm from accepting an appointment to perform an SAE for a PIE to which the firm or a network firm has provided a NAS prior to such appointment that might create a self-review threat in relation to the sustainability information on which the firm will express an opinion unless:

(a) The provision of such service ceases before the commencement of the SAE period;

(b) The firm takes action to address any threats to its independence; and

(c) The firm determines that, in the view of a reasonable and informed third party, any threats to the firm's independence have been or will be eliminated or reduced to an acceptable level.

The approach to determining whether a NAS might create a self-review threat in the case of an audit of the financial statements of a PIE applies equally to determining whether a NAS might create a self-review threat with respect to the sustainability information of a

PIE on which the firm expresses an opinion in the case of an SAE. For guidance on determining whether a NAS might create a self-review threat in the case of an audit engagement, please refer to Q9 of the *IESBA Staff Q&As: Revised Non-Assurance Services Provisions of the Code*.

If Firm E determines that designing and implementing the sustainability data collection system in 2024 might still create a self-review threat with respect to the sustainability information on which it expresses an opinion in 2027, Firm E can only accept the appointment to perform the SAE if it meets the conditions in paragraph R5400.32(b) and (c) as set out above.

Q9. To what extent can an SAP provide advice and recommendations (A&R) to a sustainability assurance client? What if the SAP receives requests for A&R in the first years of mandatory sustainability reporting?

A. Paragraph 5600.12 A1 states that the provision of A&R might create a self-review threat. Where the sustainability assurance client is not a PIE and a self-review threat is identified, the firm is required to apply the conceptual framework to evaluate and address the threat. If the sustainability assurance client is a PIE, paragraph R5600.17 prohibits the provision of A&R if it might create a self-review threat, except for the circumstances specified in paragraph R5600.18.

The approach to determining whether A&R gives rise to a risk of self-review threat in the context of an audit engagement applies equally to determining whether A&R gives rise to a risk of self-review threat in the context of an SAE. For guidance on determining whether A&R might create a self-review threat in the context of an audit engagement, please refer to Q10 and Q11 of the *IESBA Staff Q&As: Revised Non-Assurance Services Provisions of the Code*.

During the initial years of implementation of mandatory sustainability reporting, an SAP may receive requests for A&R, for example, on implementing new reporting requirements, addressing new sustainability topics and reporting criteria, or establishing new sustainability reporting processes and controls. Such requests from the client do not change the SAP's responsibilities under Section 5600 or in relation to the provisions concerning assuming a management responsibility (see paragraphs R5600.18, R5400.20 to 5400.21 A1).

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ABOUT THE IESBA

The International Ethics Standards Board for Accountants® (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. These standards are 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 (IFEA). The Public Interest Oversight Board (PIOB) oversees IESBA and IAASB activities and the public interest responsiveness of the standards.

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