

Draft Minutes of the 85th Meeting of the INTERNATIONAL ETHICS STANDARDS BOARD FOR ACCOUNTANTS

Held on December 4-8, 13 & 15, 2023 in New York and Virtually

Voting Members

Present: Gabriela Figueiredo Dias (Chair)
Laurie Endsley (Vice Chair)
Saadiya Adam
Mark Babington
Vania Borgerth
Sanjiv Chaudhary
Richard Huesken
Sung-Nam Kim
Héctor Lehuedé
Rania Uwaydah Mardini
Christelle Martin
Andrew Mintzer
Paul Muthaura (Days 3 & 5)
Felicien Muvunyi
Luigi Nisoli
Jens Poll
Channa Wijesinghe
Yaoshu Wu

Apology:

Technical Advisors

Keith Billing (Mr. Babington)
David Clark (Mr. Huesken)
Jens Engelhardt (Prof. Poll)
Ellen Gorla (Mr. Mintzer)
Charles Luo (Mr. ~~Muvunyi~~Muthaura)
Ki-Tae Park (Mr. Kim)
Carmen Penderis (Ms. Adam)
Andrew Pinkney (Ms. Endsley)
Wenjing Shi (Ms. Wu) (Days 1-5)
Kemisha Soni (Mr. Chaudhary)
Bruno Tesnière (Ms. Martin)
Chris Twagirimana (Mr. Muvunyi)
Kristen Wydell (Mr. Wijesinghe)
Masahiro Yamada (Ms. Borgerth)
Xiaoye Yuan (Ms. Wu) (Days 6 & 7)

Marta Kramerius (Mr. Nisoli)

Non-Voting Observers

Present: Gaylen Hansen, IESBA Consultative Advisory Group (CAG) Chair, and Yohei Ito, Japanese Financial Services Agency (FSA)

Public Interest Oversight Board (PIOB) Observer

Present: Begoña Giner

IESBA and IFAC Staff

Present: James Gunn (Managing Director, Professional Standards), Ken Siong (Program and Senior Director), Linda Biek (Director), Geoffrey Kwan (Director), Laura Leal, Kam Leung, Jon Reid, Szilvia Sramko, Carla Vijian, Jeanne Viljoen, Astu Tilahun, Diana Vasquez
David Johnson (IFAC Communications)

1. Opening Remarks

WELCOME AND INTRODUCTIONS

Ms. Dias welcomed all participants and public observers to the fifth and last meeting of 2023. She extended a special welcome to former IESBA member Ms. Liesbet Haustermans and former technical advisor Ms. Denise Canavan, both of whom were assisting Mr. Nisoli and observing the meeting, virtually and in person, respectively.

Ms. Dias then updated the Board on the activities of the Planning Committee (PC) during the quarter, including the PC's consideration of updates on the various workstreams, agreement on prioritization of identified work streams to recommend to the Board for the Strategy and Work Plan 2024-2027, the composition of Task Forces/Working Groups for 2024, and planning for upcoming outreach activities.

She also noted that the IESBA CAG had held its last meeting in September 2023. The IESBA CAG and International Auditing and Assurance Standards Board (IAASB) CAG will transition to the joint Stakeholder Advisory Council (SAC) from January 1, 2024. Additionally, Ms. Dias noted that this would be Mr. Hansen's last meeting as an official observer at the IESBA meetings in his capacity as IESBA CAG Chair.

APPROVAL OF MINUTES

The IESBA approved the minutes of the September 2023 public session as amended.

2. Strategy & Work Plan 2024-2027

Ms. Dias commenced the session by highlighting that the development of IESBA's Strategy and Work Plan for 2024 – 2027 (SWP) has been the ~~cumulation~~ culmination of two years of work, drawing from the diverse expertise of the Board. She was pleased that the Board has been responsive to emerging issues and collaborative with its many stakeholders, but stressed that the success of the SWP will require the Board to be agile to the changing landscape and new developments.

Mr. Kwan and Ms. Viljoen then gave a recap of the Board's September 2023 discussions, including its support for sustainability to remain a strategic focus in the new strategy period and for the inclusion of two new strategic areas of focus on firm culture and governance as well as extending the impact of the Code. They also provided highlights of the joint session with the IAASB in September 2023, a report-back on the discussion at the IESBA-National Standard Setters meeting in November 2023, and completion of the IESBA Consultative Advisory Group due process. They also highlighted key advance comments received from the IFAC Small and Medium Practices (SMP) Advisory Group.

Ms. Dias and Mr. Siong further indicated that both the Committee of European Auditing Oversight Bodies (CEAOB) and the International Organization of Securities Commission (IOSCO) have recently expressed support for the IESBA's direction of travel on the proposed SWP and had shown keen interest in the new strategic focus area of firm culture and governance.

STRATEGIC AREAS OF FOCUS

Firm Culture and Governance

The IESBA broadly supported the PC's proposal to include the topic of firm culture and governance in the SWP as a strategic area of focus and to include a corresponding new work stream. The IESBA also agreed that the new work stream should commence in Q1 2024.

Acknowledging that there is some connectivity between firm culture and the concept of “audit client,” the Board agreed:

- Not to revisit the use of the term “audit client” in the new work stream on firm culture and governance. The Board noted that any changes to the term will impact the International Independence Standards (IIS) set out in Part 4A, given its pervasive use in Part 4A, and by implication, the use of the term “assurance client” in the IIS in Part 4B as well as the proposed new Part 5. It was also noted that the focus of the new work stream is broader than audit and assurance services.
- To seek input from stakeholders as part of the new work stream regarding the use of the term “audit client” from an independence perspective. This will help inform the Board’s considerations regarding how it might address the use of the term “audit client” in the Code under the work stream on audit client-audit firm relationship.

Among other matters, IESBA participants also provided the following comments:

- The focus should be on all accounting firms, regardless of whether they provide any audit services.
- In coordination with the IAASB, the Board should consider the approach and requirements set out in ISQM,¹ particularly the *Governance and Leadership* component in that standard.

Ms. Giner noted the PIOB’s support for the inclusion of this topic as a strategic focus area and the corresponding new work stream in the SWP.

Extending the Impact of the Code

The IESBA expressed support for including as a new strategic area of focus the topic of exploring extending the impact of the Code through expanding the scope and applicability of the Code to individuals who perform the same professional activities (financial and non-financial) as PAs. Achieving such impact would promote the public interest in those professional activities irrespective of whether the individuals are professional accountants (PAs), whether they belong to a professional body, or their industry background.

The IESBA agreed to take a phased approach to this strategic commitment and to include two new work streams on exploring extending the impact of the Code to all preparers of sustainability information and the development of profession-agnostic independence standards for sustainability assurance engagements not within the scope of the IIS in Part 5.

Among other matters, the IESBA participants made the following comments:

- Since the IESBA commenced work on sustainability in 2022, a number of stakeholders, such as the IESBA CAG, have come to expect the impact of the Code to be extended to those outside the accounting profession.
- The new strategic focus area should not suggest that the IESBA has a view or preference as to who should prepare financial and non-financial reports, acknowledging that PAs do not have a monopoly on corporate reporting. Instead, the message should be that all preparers should be subject to the same high ethics standards.

¹ International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*

- There are clear links between the new work stream on exploring extending the impact of the Code to all preparers of sustainability information and the work stream on the Role of Chief Financial Officers (CFOs) and other senior Professional Accountants in Business (PAIBs). Therefore, there is the opportunity to achieve greater synergy when carrying out these work streams. Further, information gathered under these work streams will assist the Board in considering its approach to extending the impact of the Code to all preparers of financial information.
- Care is needed in determining how far the scope of the Code should be extended, recognizing that it is a balancing act between extending the impact of the Code and continuing the IESBA's focus on setting ethics (including independence) standards for PAs.

Ms. Giner noted the POIB's support for the inclusion of this strategic focus area in the SWP, noting that it is in the public interest for all preparers of financial and non-financial information to abide by the same ethics standards.

WORK PLAN 2024-2027

Ms. Viljoen provided a brief overview of the key proposed changes to the draft SWP relating to the work plan and prioritization of work streams. Among other matters, IESBA participants made the following comments:

- The use of IAASB correspondent members for the IESBA's Public Interest Entity (PIE) project was very effective, resulting in less time spent by the Task Force and a greater buy-in from the IAASB. Therefore, consideration should be given to using correspondent members in other work streams and projects where it would be beneficial to do so.
- Whether certain work streams can be fast-tracked will depend on the availability of resources. In this regard, the Board noted that recruitment efforts are underway for additional technical staff in 2024 as well as a secondee program. The Board will also conduct a review of its work streams in Q4 2024 and determine whether there is a need to reprioritize any work streams.

DUE PROCESS

Mr. Siong advised the Board that up to and including this meeting, the Board had adhered to its due process in developing the SWP.

The IESBA considered and concluded that there were no further issues raised by respondents, in addition to those summarized by the PC, which should have been discussed by the Board. The IESBA also noted the PC's confirmation that the significant matters the PC had identified as a result of its deliberations since it started work on developing the SWP, and the PC's considerations thereon, had all been reflected in the issues papers, draft consultation paper, and draft SWP presented to the Board. The IESBA also received the PC's confirmation that there were no significant matters discussed within the PC in developing the SWP that had not been brought to the Board's attention. The IESBA agreed that the changes made to the SWP were in response to the comments received from respondents, and there was no need for further consultation on the proposed SWP.

APPROVAL OF SWP

After careful consideration of the revisions to the document, the IESBA unanimously approved the SWP with the affirmative votes of 18 out of the 18 IESBA members present.

NEXT STEPS

The IESBA plans to release the SWP in April 2024 following the PIOB's conclusion that (a) the SWP has been developed in a manner consistent with agreed due process and is responsive to the public interest; and (b) the items included in the Work Plan are appropriate and the SWP is complete from a public interest perspective.

PIOB OBSERVER'S REMARKS

Ms. Giner congratulated the IESBA on finalizing its SWP for the next strategy period, adding that the SWP responds appropriately to the demand for a profession-agnostic Code.

3. Tax Planning and Related Services

Prof. Poll and Ms. Vijian provided a brief recap of the objective of the project and the journey on the project to reach this final stage. They reported back on the Task Force's activities since September 2023, and the recent outreach activities with stakeholders such as the IESBA-National Standard Setters (NSS) liaison group and the IFAC Small and Medium Practices (SMP) Advisory Group.

Prof. Poll and Ms. Vijian then provided an overview of the significant matters raised by the Board at the September 2023 meeting and the Task Force's responses and proposals. In addition to editorial matters, the following were raised, among others:

DESCRIPTION OF TAX PLANNING

- Whether there is merit to include a reference within the description of tax planning (TP) that clearly highlights the PA's responsibilities to comply with relevant tax laws and regulations.

Upon deliberation, IESBA members agreed that this point had been addressed in the appropriate paragraphs within Sections 280 and 380, and that it did not need to be outlined in the description of TP.

RELATED SERVICES

- Whether the PA would be expected to carry out the "stand-back test" when undertaking related services.

Prof. Poll confirmed that there is an expectation that the PA would apply the stand-back test on the related services as the PA would be required to establish that there is a credible basis for the TP arrangement.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE

- Consideration should be given to revising the bullet which addresses, as a management responsibility, the submission of the client's tax returns. It was argued that it is not management's responsibility to submit the tax return as quite often that responsibility is delegated to another individual.

CREDIBLE BASIS

- Consideration should be given to further clarifying the additional application material in paragraph 380.12 A3 that explains the services PAs may undertake to help clients achieve a credible basis. It

was noted that these are also linked to, and are examples of, services described in the Related Services paragraphs.

CONSIDERATION OF THE OVERALL TAX PLANNING RECOMMENDATION OR ADVICE

- Whether the placement of the paragraphs addressing the stand-back test would be better after the paragraphs addressing circumstances of uncertainty.

APPLYING THE CONCEPTUAL FRAMEWORK TO NAVIGATE THE GRAY ZONE

- Consideration should be given to clarifying the self-interest threat example about the role of the PA in advising a government agency on tax policy, laws, or regulations, as there seemed to be multiple considerations. In particular, it was noted that the PA's access to confidential information does not in itself give rise to a self-interest threat and it may instead be a matter of conflict of interest. There was also a view that the example was unclear as it could also relate to the provision of other types of services.

In general, IESBA members agreed that the illustrative example should be retained as it reflects a situation that may well arise in practice, but with consideration given to making it clear that the threat arises due to the PA's role as an advisor to the government agency. It was noted that the self-interest threat *might* be created due to the PA's access to confidential information, as that information can be utilized to secure an undue advantage for the PA and the PA's clients.

- Consideration should be given to whether the term "off-the-shelf package" in paragraph 380.18 A2 will be well understood by users of the Code.

IESBA members agreed not to use a term that could be confusing to users of the Code, but instead refer to the issue directly, i.e., using a TP product with little modification to suit the client's particular circumstances.

- Consideration should be given to adding the qualifying term "successfully" to the reference to an established practice that has not been "challenged" in paragraph 380.18 A2, bullet point 10, as the absence of a challenge would not necessarily mean that there is no threat, or a low level of threat.

Prof. Poll noted that the bullet point states that the practice is already *established*. He added that limiting consideration of the action to only circumstances where courts have affirmed the practice would be unreasonable as not every established practice needs to have been vetted by the courts if it is generally accepted practice.

POTENTIAL THREATS ARISING FROM PROVIDING A TAX PLANNING SERVICE

- In relation to the fee for the TP service, whether using the qualifying term "excessive" is appropriate, as the concept of "excessive" is judgmental and not defined in the Code.

Prof. Poll noted that what is excessive should be assessed through the objective lens of a reasonable and informed third party. The exercise of professional judgment will be essential, taking into account the facts and circumstances.

PIOB OBSERVER'S REMARKS

Ms. Giner noted the PIOB's support for the Task Force's proposals and the direction taken, especially in recognizing the importance of transparency of the employing organization's or client's tax strategy, policies or other tax-related matters in accordance with applicable reporting requirements, and in recognizing the self-interest threat that might be created when the PA is engaged as a tax advisor to assist a government agency in formulating or drafting tax policy, laws or regulations.

DUE PROCESS

Mr. Siong advised the Board that up to and including this meeting, the Board had adhered to its stated due process in developing the revisions to the Code relating to Tax Planning and Related Services. Prof. Poll confirmed that all significant issues discussed by the Task Force had been brought to the Board's attention and that the Task Force did not believe there was a need for further consultation on or field testing the proposals. The IESBA members did not consider that there were matters raised by respondents to the Exposure Draft (ED), in addition to those summarized and reported by the Task Force, that should be discussed by the Board.

APPROVAL OF FINAL PRONOUNCEMENT

After agreeing all the necessary changes to the document, the IESBA unanimously approved the final revisions to the Code addressing Tax Planning and Related Services with the affirmative votes of 18 out of the 18 IESBA members present.

CONSIDERATION OF THE NEED FOR RE-EXPOSURE

The IESBA assessed whether there was a need to re-expose the approved text. The IESBA agreed that the changes made to the ED were in response to the comments received from respondents and did not represent substantial changes to the ED. Therefore, the IESBA determined that re-exposure was not necessary.

EFFECTIVE DATE

The IESBA agreed that it is in the public interest for the final provisions to become effective as soon as possible, recognizing the need to strengthen ethical practice in this area and rebuild public trust in the profession. The IESBA, therefore, agreed with the Task Force's proposal that the effective date for Section 280 be for TP activities beginning after June 30, 2025. The IESBA also agreed to set the effective date for Section 380, as well as the consequential amendments to Section 321, to be for TP services beginning after June 30, 2025. Early adoption of the provisions is permitted.

Recognizing that some TP services or activities might have started before the pronouncement's effective date, the IESBA further determined to allow a transitional provision under which those TP services or activities may run their course and be completed under the extant Code provisions.

4. Using the Work of an External Expert

Ms. Endsley, Chair of the Experts Task Force, and Ms. Leung walked the IESBA through the Task Force's final draft of the proposed provisions to address the ethics and independence considerations regarding using the work of an external expert. In particular, they highlighted that:

- The proposals establish an ethical framework to guide PAs in public practice (PAPPs), PAs in business (PAIBs) and sustainability assurance practitioners (SAPs) in evaluating whether an external expert has the necessary competence, capabilities and objectivity (CCO) to use the expert's work for the intended purposes. The proposals also include provisions to guide a PAIB, PAPP or SAP, as applicable, in applying the Code's conceptual framework when using the work of an external expert.
- The final draft took into account comments received at the September Board meeting on the "first read draft" as well as comments from IESBA participants on the advance turnaround drafts shared with the Board in October, outside of the plenary session.
- The key change from the September draft was the refinement in scope to focus on "external experts" only, following the September IESBA feedback that:
 - PAIBs often use the work of others internal to the employing organization who have specialized competence in specific fields or areas as defined by their roles and responsibilities. It would be unduly burdensome to require a PAIB to undertake the CCO evaluation each time the PAIB needs to rely on the work of such internal experts. This position recognizes that to work in their role as an expert in their designated field or area, the internal expert can be expected to have satisfied their employing organization's recruitment criteria and performance assessment on a periodic basis. In addition, internal experts within an employing organization are producing information from management's perspective and, therefore, would not be "objective."
 - For an internal expert employed by a firm whose work is used in an audit or other assurance engagement (and who is not a member of the engagement team, audit team, assurance team or sustainability assurance team), such an individual is already subject to (i) the firm's quality management or other policies and procedures addressing hiring, competence and resourcing, and (ii) the provisions of the Code as the firm is subject to the Code.

Ms. Endsley also noted that the latest public interest issues communicated by the PIOB on the project had been carefully considered by the Task Force, with an assessment of the Task Force's proposals against the Public Interest Framework (PIF). In addition, the development of the proposals was closely coordinated with the IAASB. Furthermore, cognizant that the use of external experts is critical in the preparation and presentation of sustainability information as well as the assurance of such information, the Task Force had also considered the overarching comments and suggestions from the IESBA's Sustainability Reference Group and Sustainability Work Stream 2.

In response to a question raised by Ms. Giner, Ms. Leung also walked through the differences among an engagement team member, audit/assurance team member, external expert, and expert employed by a firm (internal expert), and hence why they are subject to different requirements:

- Engagement team and audit/assurance team members who are subject to independence requirements in Parts 4A, 4B and the proposed new Part 5 of the Code.
- External experts subject to the ethics provisions set out in the proposed new Sections 390 and 5390.
- Experts employed by a firm (internal experts) who are subject to (i) the firm's internal policies and procedures, particularly in respect of hiring and resource allocation, and (ii) the Code as the firm itself is subject to the Code.

In particular, external experts will be subject to additional ethics provisions that are based on the independence attributes of Parts 4A and 4B of the Code. The PAPP or SAP is responsible for ensuring

they have the necessary information from the external expert to evaluate the external expert's objectivity to a level that generally aligns with the independence attributes in the Code.

The Board also recognized that it would not be appropriate to impose the Code's independence requirements on external experts because external experts are providing a piece of work ~~which that~~ the PA or SAP must evaluate in order to determine whether it constitutes sufficient appropriate evidence to support the audit opinion or assurance conclusion. Additionally, the PA or SAP must be satisfied that such [an](#) external expert is objective since the PA or SAP has the ultimate responsibility for the audit or assurance report.

Ms. Endsley also highlighted that unlike firms or assurance practitioners who are subject to the Code, external experts are not in the audit or assurance business. Accordingly, the Code is not enforceable on external experts, and they would not be expected to have designed and implemented, and be operating, extensive systems of quality management to monitor compliance with the Code's independence requirements across their organizations. There would also need to be an independent oversight regime for external experts, which currently does not exist, if such experts were required to implement systems of quality management to monitor compliance with the independence requirements set out in the Code.

Overall, the IESBA supported the proposals within the Glossary and Sections 390, 5390 and 290. In addition to editorial matters, the following key matters were discussed or suggested to be incorporated in the draft text:

PROPOSED NEW SECTIONS 390 AND 5390

- Consistent with the application of the conceptual framework, the evaluation of whether the external expert has the necessary CCO will involve the PA or SAP (a) having an inquiring mind, and (b) exercising professional judgment, applying the reasonable and informed third party test. In particular, the PA's or SAP's exercise of professional judgment would be essential to weigh all the relevant CCO factors against the specific facts and circumstances of the external expert.
- Whether the prohibition on using the work of an external expert in paragraph R390.12 is appropriate if the PA has been unable to obtain the necessary information to evaluate the external expert's CCO, or if the PA determines that the external expert does not have the CCO. It was noted that ISA 620² allows for additional procedures to be performed should the work of an auditor's expert be determined to be inadequate for the auditor's purposes. It was also noted that in some jurisdictions, there might not be any, or very few, external experts who meet the CCO requirement, leading to a lack of suitable experts.

However, taking into account input from the IAASB staff, the IESBA observed that ISA 620 is not explicit on whether an external expert can be used if they do not meet the CCO requirement. Instead, the additional procedures referred to in ISA 620 are with respect to when the work of an auditor's expert is not adequate for its intended purpose.

Regarding the availability of experts, the IESBA reaffirmed its view that an external expert's CCO cannot be less relevant or lower in jurisdictions or fields with a limited pool of experts. The IESBA noted that where it is determined that there are no external experts available in a particular field or jurisdiction, the PA or SAP could consider:

² International Standard on Auditing (ISA) 620, *Using the Work of an Auditor's Expert*

- Using an external expert from another jurisdiction.
- Consulting with the appropriate regulatory or professional body and ascertaining the appropriate next steps.

The IESBA also observed that limitations in the availability of experts are a matter of timing as the market capacity will gradually adjust to meet the demand. Therefore, in finalizing the provisions post exposure, the IESBA agreed to consider whether to allow appropriate transitional provisions to support the growth of market capacity while still ensuring that the bar of CCO is not lowered. This is especially important given the heightened public interest expectations of stakeholders regarding the use of external experts in sustainability assurance engagements.

- It was suggested that the phrase “*who has the competence, capabilities and objectivity to deliver the work needed for such service*” is added to paragraph 390.4 A2 “An action that might be a safeguard to address such a threat is to use the work of an external expert for the professional service...”

This is to emphasize that using an external expert who does not meet the CCO requirement is not an action that is a safeguard to address the threat created ~~where~~ when a PA or SAP performs a professional service for which they have insufficient expertise.

- In paragraph 390.4 A4(b), which states that information provided for general use is not in the scope of the proposed new Section 390 (for example, information from data providers such as Standards & Poor's), it was suggested to delete “such individuals or organizations are not experts.” This is because there could be organizations that, for example, value non-tradable assets using proprietary knowledge whereby such specialized valuation is performed by experts in their own right. Nevertheless, such individuals or organizations are not external experts in the scope of the proposed new Section 390 as they are not engaged by the PA to perform bespoke work.
- Concerning paragraph 390.4 A3, there was some discussion regarding the difference between the first bullet on the valuation of financial instruments (i.e., the measurement) and the accounting for financial instruments (i.e., in accordance with IFRS 9³) contained in proposed Section 5390, paragraph 5390.4 A3.

Since the definition of an external expert for audit engagements is “expertise in a field other than accounting or auditing,” the example of accounting for financial instruments and carbon credits was not included in the proposed new Section S390 as it pertains to PAPPs.

In the proposed new Section 5390, the definition of an external expert for assurance, including in relation to sustainability assurance engagements (SAEs), refers to “expertise in a field other than assurance.” Hence, an external expert could be engaged to provide accounting expertise for PAs or non-PAs performing sustainability or other assurance engagements. Thus, the example of accounting for financial instruments and carbon credits is included.

- The factor pertaining to “whether the external expert can explain the inputs, assumptions, methodologies and conclusions of their work,” was relocated from paragraph 390.15 A1 pertaining to evaluating identified threats arising from using the work of an external expert, to paragraph 390.6 A2 specific to evaluating the competence of the external expert. This is because if the external expert cannot explain their work, then it is questionable whether they are competent.

³ International Financial Reporting Standard (IFRS) 9, *Financial Instruments*

- For clarity, the term “employing” was added to pinpoint the specific organization of the external expert referred to in the provisions related to evaluating the external expert’s objectivity. This addition recognizes that, in some instances, the external expert’s organization might be a group consisting of multiple legal entities.
- The reference to “conflicts of interest” within paragraph 390.11 A1 also inherently considers any adverse interests of the external expert, for example, lawsuits against the client. It was noted that it is the PA’s or SAP’s responsibility to appropriately question the information received from the external expert in this regard, or request further information (for example, in relation to situations giving rise to conflicts of interest such as those contained in paragraph 310.4 A1 of the Code).

APPROVAL OF EXPOSURE DRAFT

After agreeing all the necessary changes to the draft texts, the IESBA unanimously approved for exposure the three proposed new sections to the Code addressing using the work of an external expert – proposed Section 390 for PAPPs, proposed Section 290 for PAIBs, and proposed Section 5390 for SAPs. The IESBA set a comment period of 90 days.

PIOB OBSERVER’S REMARKS

Ms. Giner noted the IESBA’s robust discussions throughout the year leading to the approval of the ED. However, she noted that the PIOB continues to question whether the proposals, in particular for external experts used in an audit or other assurance engagement, are sufficiently robust. She further noted that the PIOB looked forward to understanding what the stakeholder feedback on the proposals would be, especially from investors.

WAY FORWARD

The IESBA will consider a high-level summary of key themes arising from the comment letters received on the ED at its June 2024 meeting.

5. Sustainability WS1 and WS2

UPDATE ON COORDINATION & OUTREACH ACTIVITIES

Mr. Wijesinghe, Sustainability Reference Group (SRG) Chair, and Mr. Reid provided an update on the SRG’s composition. They also provided an overview of the third SRG meeting held in October 2023 during which SRG members discussed the outcomes from the September 2023 IESBA meeting.

Mr. Reid updated the Board on the coordination activities with the International Accreditation Forum (IAF), including an October 2023 workshop in London to consider the IAF’s approach to incorporate the IESBA’s proposed new Part 5 of the Code into its existing requirements for the conformity assessment bodies within its network.

Mr. Siong noted that the IAF has embraced the IESBA’s development of a global baseline for ethics (including independence) standards for sustainability assurance providers, including conformity assessment bodies. He added that the IAF is expected to issue a letter of intent to adopt the new Part 5, following which there will be a joint IESBA-IAF public statement on the strategic partnership between IESBA and IAF. Ms. Dias emphasized the importance of this development and continued coordination efforts with the IAF to facilitate the adoption and effective implementation of Part 5 of the Code.

The IESBA considered updates on coordination activities with the IAASB and the International Organization for Standardization (ISO). The IESBA also considered report-backs on outreach activities during Q4 2023, including with the International Organization of Securities Commissions (IOSCO), European Financial Reporting Advisory Group (EFRAG), International Federation of Accountants (IFAC), the Forum of Firms, the International Sustainability Standards Board, the Institute of Electrical and Electronics Engineers (IEEE), the Monitoring Group and the United Nations Conference on Trade and Development (UNCTAD).

WORK STREAM 1 (WS1)

Mr. Babington, WS1 Chair, and Ms. Sramko, IESBA Principal, walked IESBA members through the independence-related provisions in the proposed International Ethics Standards for Sustainability Assurance in Part 5 of the Code for a second read, including the proposed:

- IIS in Part 5.
- New independence-related terms and revisions to the Glossary of the Code.
- Consequential and conforming amendments to Part 4A and Part 4B of the 2024 version of the extant Code.

Mr. Babington informed the Board that in developing the revised draft proposals, WS1 had carefully considered advance comments from the Board in October 2023 as well as feedback from representatives of the IAASB Sustainability Task Force.

IESBA participants commented on the following matters, among others.

Scope of IIS in Part 5

Mr. Ito suggested that the IESBA consider providing examples of general-purpose sustainability reporting frameworks in Part 5 to help users better understand the scope of the IIS in Part 5 and promote their consistent application. Mr. Babington explained that given that the proposed standards are framework neutral, the proposed IIS do not include examples of such frameworks to avoid potential confusion that an existing or newly published framework is not a general-purpose framework as defined in the Glossary of the Code.

Quality Management Systems

An IESBA member questioned whether WS1 was aware of any sustainability assurance standards, apart from the IAASB's draft ISSA 5000,⁴ requiring firms to design, implement, and operate systems of quality management (SOQM) and whether the proposed provisions on SOQMs would be operable in the context of such sustainability assurance standards.

Mr. Hansen suggested that instead of stating in the IIS that the applicable sustainability assurance standards are premised on the sustainability assurance practitioner having a SOQM designed, implemented and operated in accordance with applicable QM standards, there should be [the](#) communication of an expectation that such a SOQM would be in place. He asked the IESBA to consider clarifying that there is no optionality regarding whether or not the firm is subject to a SOQM.

⁴ International Standard on Sustainability Assurance (ISSA) 5000, *General Requirements for Sustainability Assurance Engagements*

Determination of Public Interest Entities

An IESBA member questioned how firms should comply with the proposed transparency requirement in the PIE provisions with respect to PIE sustainability assurance clients. He asked whether firms should mirror the approach applicable to audit engagements. Mr. Siong responded that this was a matter that would be coordinated with the IAASB.

Group Sustainability Assurance Engagements

A few IESBA members raised concerns regarding including the proposed Section 5405 on group sustainability assurance engagements. They pointed out in particular that the proposed ISSA 5000 did not address group sustainability assurance engagements in any specific detail. They were of the view that the proposed definitions and provisions in the IIS in Part 5 regarding group sustainability assurance engagements were not sufficiently clear. Without a performance standard equivalent to ISA 600 (Revised),⁵ they believed that mirroring the provisions and definitions applicable to group audit engagements could create operational issues and result in inconsistent application.

An IESBA member clarified that he was supportive of addressing independence considerations when other firms and individuals from other firms are involved in a sustainability assurance engagement. However, he disagreed with including terms such as “groups” and “components” that were developed for the purposes of auditing standards. Given that the proposed ISSA 5000 did not use these terms, he did not believe it was appropriate to introduce them in Part 5.

Mr. Babington responded that WS1’s objective was to develop independence standards that are equivalent to the independence standards for audit engagements. He explained that although the proposed ISSA 5000 did not address group sustainability assurance engagements in specific detail, sustainability reporting standards already require sustainability disclosures on a consolidated basis. WS1 members also added that sustainability reporting and assurance would be mandatory mainly for entities that operate as groups. WS1 believed that sustainability assurance practitioners, especially those who are not PAs, would need guidance regarding the independence considerations for group situations.

Messrs. Babington and Billing also explained that the ultimate goal of the proposed Section 5405 was to specify provisions addressing situations where a firm uses the work of other sustainability assurance practitioners under the firm's direction, supervision, and review. They noted that the proposed ISSA 5000 also addresses this situation; however, it only refers to the reporting entity as a client. They clarified that WS1’s proposals provided a more specific, scalable approach – aligned with IAASB’s general approach – while using well-known terms to refer to the relevant entities instead of the generic term “entity.”

Mr. Babington highlighted WS1’s proposal that the IESBA include the provisions on group sustainability assurance engagements in the proposed Part 5 for public consultation so as to enable the Board to obtain stakeholders’ input regarding the operability of the proposals.

Mr. Siong expressed his support for WS1’s proposals regarding group sustainability assurance engagements and their equivalency to the standards applicable to group audit engagements in the IIS in Part 4A of the Code. He was of the view ~~was~~ that the proposed terms and the objective of the proposed requirements in the context of group sustainability assurance engagements were reasonably straightforward.

⁵ ISA 600 (Revised), *Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)*

Informed by the discussion, the majority of IESBA members supported the inclusion of the provisions on group sustainability assurance engagements in the ED. They also agreed to seek input from stakeholders on how practice regarding such group engagements might evolve and whether the proposals in the IIS in Part 5 would be operable.

Using the Work of Another Practitioner

Regarding the proposed independence considerations in Section 5406 applicable when a firm intends to use the work of other sustainability assurance practitioners who are *not* under the direction, supervision and review of the firm ("another practitioner"), a few IESBA members suggested that Section 5406 clarify whether it also applies to assurance work performed at a value chain entity. They felt that the proposed IIS in Part 5 should differentiate between the independence considerations applicable when the firm uses the work of another practitioner to carry out assurance work within the organizational boundary of the client, and the independence considerations applicable when the firm uses assurance work performed in relation to a value chain entity.

Assurance Work in Relation to a Value Chain Entity

Regarding the applicability of the proposals in Section 5407 when the firm intends to use the assurance work of a sustainability assurance practitioner with respect to a value chain entity, IESBA members asked WS1 to consider a more pragmatic approach.

A few IESBA members were of the view that the proposed approach in Section 5407 might have set the bar too high. There were concerns about operability for the following reasons:

- It was questioned whether it was necessary that the practitioner who performs assurance work at a value chain entity apply the "knows or has reason to believe" principle with respect to the sustainability assurance client (or group sustainability assurance client). Given that the sustainability assurance client has no control or influence over the entities within its value chain, a few members believed that any interests, relationships, or circumstances between the other practitioner and the client are irrelevant to the practitioner's independence.
- A few IESBA members believed that requesting confirmation from the other sustainability assurance practitioner regarding that practitioner's independence would not be operable in practice. They pointed out that information from a value chain entity might be included in the sustainability information of multiple entities. It was argued that it might not be realistic to expect the other practitioner to respond to each request. An IESBA member suggested that WS1 consider the option for the firm to obtain the necessary information and confirmation based on the other practitioner's public statement in their assurance report that they are independent in accordance with the provisions in Part 5 of the Code.
- An IESBA member noted that the information from the value chain would need to go through the control of the reporting entity's management before being included in the entity's sustainability information. Accordingly, he pointed out that the information from a value chain entity is not information from a third party; therefore, reliance on such information should be addressed by the reporting and the assurance frameworks and not by an ethical framework.
- An IESBA member noted that the proposed ISSA 5000 had not yet addressed how the firm should perform assurance work at, or with respect to, a value chain entity. The firm could choose to perform

the assurance work on the value chain entity's information received from the client, or perform assurance procedures on that information directly at the value chain entity. He believed that until firms are clear about how to perform the assurance work, the independence standards cannot appropriately address the threats that might arise in different scenarios.

Mr. Babington recognized that the IESBA would need to carefully navigate the changing and dynamic environment while developing its proposals. However, he highlighted that some sustainability reporting regimes already require entities to disclose sustainability information from, or with respect to, their value chains and have such information assured. Therefore, he suggested that the IESBA publish its proposals for public consultation and seek stakeholders' views on how practice might evolve and whether the proposed provisions would be operable. Mr. Siong emphasized that the independence standards are framework-neutral with respect to assurance standards.

After further deliberation, the IESBA agreed to include provisions in Section 5407 addressing the circumstance where the firm performs the assurance work on the sustainability information of the value chain entity provided by the sustainability assurance client without carrying out assurance work at that entity

Interests, Relationships, and Circumstances with a Value Chain Entity

Concerning the proposed guidance in Section 5700 on interests, relationships, and circumstances between the firm and a value chain entity whose information is included in the sustainability information on which the firm expresses an opinion, IESBA members raised, among others, the following matters.

- An IESBA member questioned whether any interests, relationships, or circumstances between a firm and a value chain entity could actually create a more than inconsequential threat since the firm will be using the assurance work of a practitioner that will already be subject to independence requirements. Therefore, he believed that the proposed guidance in Section 5700 was not proportionate.
- A few IESBA members believed that firms would not be able to apply the "knows or has a reason to believe" principle with respect to a value chain entity that is not within the client's control or influence.
- It was also suggested that the IESBA consider issuing the proposed guidance in Section 5700 as non-authoritative guidance. Mr Siong shared the perspective that if the Board agreed that the proposed guidance in Section 5700 was appropriate, it would be better placed within the Code, where it would have authoritative standing, than in a separate guidance document outside the Code.

Mr. Ito suggested that the IESBA provide further guidance on how to apply the "knows or has reason to believe" principle and explain whether or not that would include monitoring obligations.

After further deliberations, the IESBA agreed to simplify the proposed guidance in Section 5700 but retain the "knows or has reason to believe" principle, applied at the level of the sustainability assurance team instead of the firm, consistent with the approach to the same principle in extant paragraph R400.20 of the extant Code.

Proportion of Fees for Audit and Sustainability Assurance Engagements

A few IESBA members expressed concerns regarding the proposed guidance relating to considering threats arising from fees for services other than audit to the fee for the audit engagement. Specifically, they disagreed with treating fees for sustainability assurance engagements separately as fees for non-audit

services. Since the proposed independence standards for sustainability assurance engagements are designed to be equivalent to the independence standards for audit engagements, they believed that Part 5 should treat fees for both types of engagements the same way.

Mr. Babington and WS1 members responded that WS1 had carefully considered those concerns but recognized that sustainability assurance engagements are not statutory engagements in several jurisdictions, and regulators only require the disclosure of the audit fees separately in many jurisdictions.

After further deliberation, the IESBA agreed to the approach proposed by WS1, subject to explaining the rationale in the explanatory memorandum (EM) to the ED and seeking respondents' views on the approach.

WORK STREAM 2 (WS2)

Ms. Martin informed the Board that in developing the revised draft proposals, WS2 had taken into account advance comments from the Board in October 2023 as well as feedback from representatives of the IAASB Sustainability Task Force. She further clarified that the proposed Section 5390 on the use of external experts was discussed under Agenda Item 4 and, therefore, would not be discussed under this agenda item.

Ethics Standards for Sustainability Assurance

Ms. Leal presented an overview of WS2's revisions to the proposed ethics standards in the new Part 5 of the Code to address IESBA participants' comments at the September 2023 Board meeting and advance comments received in October 2023.

The IESBA was generally supportive of WS2's proposals for ethics standards for sustainability assurance engagements set out in the proposed new Part 5, including:

- The title of Part 5, i.e., "International Ethics Standards for Sustainability Assurance (including International Independence Standards)" ("IESSA").
- WS2's recommendation not to include an encouragement in the proposed Section 5320 relating to second opinions.
- Proposed references to quality management standards and ISQMs.
- The inclusion of a new Section 5350 equivalent to extant Section 350 addressing custody of client assets.

IESBA participants also provided feedback on certain provisions in Sections 5100, 5270, 5320, 5350 and 5380.

Upon further deliberation, the IESBA also agreed, among other matters:

- Not to move the proposed location of Section 5270.
- To retain the example of taxation services in paragraph 5100.2b.
- To clarify the scope of Part 5 set out in paragraph 5100.2b by making more explicit the encouragement for sustainability assurance practitioners who are not PAs to apply the rest of the Code.

Glossary

Ms. Leal presented the proposed changes to the WS2-related definitions of “existing practitioner,” “predecessor practitioner” and “proposed practitioner” which align with the definitions of the corresponding extant terms. The IESBA was supportive of these proposed revisions.

Ms. Leal also updated the IESBA on the IAASB Staff’s suggestions for WS2’s proposed definition of “sustainability information,” including replacing “information” with “subject matter information” at the beginning of the draft proposed definition. She noted WS2’s views not to make such a change to the definition of “sustainability information” since it would render the draft definition too technical and not suitable for purposes of sustainability reporting.

Ms. Giner noted the PIOB view of having the same definition of “sustainability information” across the IESBA’s and IAASB’s proposed standards since both will be finalized around the same time. In response, Ms. Dias reiterated that while there is an expectation from some stakeholders that the two Boards’ definitions will be the same, the Boards’ standards cover different scopes. In addition, there had already been significant coordination efforts to ensure that the two definitions are as close as possible. The IESBA was supportive of WS2’s proposals, including incorporating a clear explanation of the rationale for the different definition in the EM.

Consequential and Conforming Amendments

Mr. Reid presented an overview of WS2’s proposed consequential and conforming amendments to extant Parts 1 to 3 of the Code resulting from the proposed ethics (including independence) standards for sustainability assurance. The IESBA supported WS2’s proposed consequential and conforming amendments.

Ethics Standards for Sustainability Reporting

Mr. Reid presented an overview of WS2’s proposed revisions to extant Parts 1, 2 and 3 of the Code on sustainability reporting to address IESBA participants’ comments at the September 2023 Board meeting and advance comments received in October 2023, including updated examples in Section 220.⁶

The IESBA supported WS2’s proposals for ethics standards on sustainability reporting and agreed to some minor changes to the specific sustainability-related examples set out in the sixth bullet point of proposed paragraph 220.5 A1 and the last bullet point of proposed paragraph 310.4 A1.

List of WS2-Related Topics and Questions for the Sustainability Explanatory Memorandum

Ms. Martin presented the WS2 preliminary list of proposed topics and questions to be included in the EM on the proposed ethics standards for sustainability assurance and reporting, including definitions.

IESBA participants broadly supported WS2’s proposed approach. There was an encouragement to the Task Force to be mindful of those respondents and potential users who are not familiar with the Code and to have a “customer-oriented” focus.

Among other matters, the IESBA also discussed the optimal length of the EM and ways to make it user-friendly, as well as the duration of the comment period and formats for responses with a focus on flexibility.

⁶ Section 220, *Preparation and Presentation of Information*

Ms. Giner emphasized the importance of making the EM practical and appealing to stakeholders in order to obtain relevant feedback.

PIOB OBSERVER'S REMARKS

Ms. Giner informed IESBA members of the PIOB's support for specifically addressing group sustainability assurance engagements in the proposed IIS in Part 5, even if the IAASB's proposed ISSA 5000 dealt with such group engagements only in an overarching manner for the time being.

She agreed with IESBA members' suggestions for clarifying whether Section 5406 applies to using the assurance work of another practitioner at a value chain entity. She asked WS1 to provide clear explanations regarding the difference between using the work of an external expert and another practitioner and the applicable independence provisions.

Ms. Giner also expressed her support for the IESBA addressing the relationships, interests and circumstances a firm might have with a value chain entity (whose information is included in the sustainability information on which the firm will express an assurance conclusion), despite the assurance standards not having provided final guidance yet on how to carry out assurance work at, or with respect to, a value chain entity. She suggested that the IESBA consider providing a principles-based approach that could be operable in different scenarios.

APPROVAL OF THE EXPOSURE DRAFT

After duly considering all the necessary changes and refinements to the proposed text, the IESBA approved:

- The WS2-related proposed text for exposure with 18 affirmative votes out of the 18 Board members present.
- The WS1-related proposed text for exposure with 17 affirmative votes and one abstention out of the 18 Board members present.

~~The abstaining IESBA member explained Mr. Nisoli abstained from the vote on the grounds of for his abstention, namely his~~ concerns regarding the operability of some of the independence-related proposals given the lack of relevant supporting provisions in the applicable assurance standards.

ED COMMENT PERIOD

The IESBA set a comment period of 100 days from the date of issuance of the ED.

6. Sustainability Communications and Outreach Plan

Ms. Biek and Mr. Johnson presented an overview of the sustainability communications and outreach plan to inform the Board about the proposed strategy for promoting the Sustainability ED and to gather feedback on stakeholder interaction after [the](#) release of the ED.

IESBA members supported the proposed plan and provided the following comments:

- Engagement strategies
 - Early identification of key groups was encouraged, with emphasis on early and frequent engagement. It would be important to involve regulators and policymakers in discussions on

ethics in sustainability reporting and assurance. IESBA members also stressed the importance of targeting parties with authority to adopt and implement the standards.

- Continual engagement with stakeholders, including former Board members, is essential. It would be important to maintain momentum to ensure widespread understanding of ethical behavior fundamentals and facilitate easy access to resources on the IESBA website. There were also suggestions for utilizing a business case to illustrate the significance of ethics in sustainability reporting and assurance, as well as integrating strategic communication into the IESBA's Strategy and Work Plan (SWP).
- Consistency and clarity in messaging
 - IESBA members supported the development of standard key points and presentations for IESBA representatives participating in outreach. There was a suggestion to simplify communication regarding the importance of ethics, avoiding technical jargon, and translating materials into relevant languages. A fundamental message is that trust is derived from ethics and independence. IESBA members also stressed the importance of communicating transparency in sustainability reporting and assurance, advocating for coalition-building to promote a unified sustainability message.
- Promotion beyond the accounting profession
 - IESBA members stressed the need to reach beyond the professional to promote the benefits of sustainability ethics universally. They suggested providing materials for creating social media posts and emphasized the importance of properly branding this IESBA initiative.
- Capacity building and collaboration
 - There was some discussion on the role of the IESBA in capacity building, with an emphasis on the need for educational materials for various stakeholders. There was agreement regarding the importance of collaborating with the International Financial Reporting Standards (IFRS) Foundation to enhance sustainability capacity, and learning from the consultation processes of the International Sustainability Standards Board (ISSB) and the International Auditing and Assurance Standards Board (IAASB). There was also a suggestion to consider the ISSB's outreach efforts on its new sustainability reporting standards to leverage its translation resources.
- Network outreach
 - IESBA members were encouraged to share messages about the Sustainability ED within their networks to broaden outreach efforts.

WAY FORWARD

Staff will further refine the sustainability communications and outreach plan based on Board feedback, focusing on how best to implement targeted outreach activities and monitor engagement metrics. Throughout the ED period, staff will continuously evaluate and adjust communication strategies as needed.

Ms. Dias thanked Ms. Biek and Mr. Johnson for their presentation and for the Board's useful feedback.

7. PIE Rollout

TRACK 2 OF THE IAASB PIE PROJECT

Mr. Kim, IESBA PIE Rollout Working Group member, provided a summary of the proposed narrow-scope amendments to IAASB standards for Track 2 of the [IAASB PIE Project](#). The IAASB PIE Task Force will seek approval of those proposed amendments for exposure during the December 2023 IAASB meeting. Among other matters, the IAASB PIE Task Force proposed to align the definition of “Public Interest Entity” in ISQM 1 and ISA 200⁷ with the one established in the [IESBA PIE Revisions](#).

The IESBA was supportive of the Working Group’s view that the proposed revisions to the ISQMs and ISAs align with the IESBA PIE Revisions as well as the revisions approved by the IAASB under Track 1 of its project.

APPLICATION OF THE TRANSPARENCY REQUIREMENT

Mr. Mintzer, Chair of the Working Group, informed the IESBA that some respondents to the [IAASB Exposure Draft](#) for Track 1 of the IAASB PIE Project have raised a question relating to the application of the transparency requirement set out in paragraph R400.20 of the IESBA PIE Revisions when auditors’ reports are not available to the public or may only have limited distribution. He indicated that the Working Group will consider the matter and report back to the Board at the March 2024 IESBA meeting.

8. CIVs, Pension Funds and Investment Company Complexes

Ms. Biek, Mr. Reid and Ms. Viljoen provided an overview of the IESBA’s new workstream on Collective Investment Vehicles (CIVs), Pension Funds and Investment Company Complexes (ICCs), noting that it would be conducted under the IESBA’s new staff-driven model, with support from Richard Fleck as a consultant. The Project Team shared the background to the workstream, including the IESBA’s previous decision to exclude CIVs and post-employment benefits (PEBs) as mandatory public interest entity (PIE) categories from the revised definition of a PIE, and its commitment to undertake a holistic review of these types of arrangements in the future.

To address the public interest element of these investment schemes, the proposed Terms of Reference (ToR) set out the Project Team’s objective to understand the relationships of CIVs and pension funds with trustees, managers, and advisors for purposes of ascertaining whether the independence provisions and application of the “related entity” definition in the Code remain fit for purpose. Under the ToR, the Project Team would also consider whether the Code should be enhanced to address ICCs.

The IESBA supported the Project Team’s proposed scope of work. Among other matters, IESBA participants raised the following comments:

- The Board will be able to take a more strategic approach to its deliberations under the staff-driven model, consistent with the Monitoring Group’s recommendations, but there should be flexibility whilst the model is being implemented. It would be important to access expertise early and leverage insights from other successful staff-driven models in the industry.

⁷ ISA 200, *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing*

- There should be consideration of measures to address potential staff changes and whether the International Foundation for Ethics and Audit's (IFEA) Research and Support Center (Center) might mitigate the risks associated with these changes.

Ms. Dias noted that there are no pre-conceived notions under the staff-driven model. The model is designed to empower staff to develop the operational approach as necessary. She added that this workstream will pilot the model as part of a phased approach to ensure that the approach is sustainable.

Mr. Gunn noted IFEA is recruiting for the Center, which will focus on functions of common value to both the IESBA and IAASB, such as research tools and methodology.

- In response to a question about the consultant's involvement in the project, Mr. Siong highlighted Mr. Fleck's previous role as Deputy Chair of the IESBA, extensive knowledge and understanding of the Code, and role as a sounding board for the Project Team.
- There was an encouragement for the Project Team to coordinate with other task forces. In particular, coordination with the PIE Task Force will assist the Project Team in assessing whether certain CIVs are already captured by the new definition of "publicly traded entity."
- There may be challenges when developing a global inventory of CIVs, pension funds and ICCs due to the pace of change and accessibility to relevant information; however, research should include emerging economies to ensure a global approach.
- In response to a comment about the European Union's opposition to including CIVs and PEBs as PIE categories, Ms. Dias reiterated the IESBA's previous decision to exclude CIVs and PEBs from the revised PIE definition, noting that it is not within the remit of this workstream to reconsider this issue.

APPROVAL OF THE TERMS OF REFERENCE

The IESBA unanimously approved the ToR.

PIOB OBSERVER'S REMARKS

Ms. Giner noted the PIOB's support for the workstream and the staff-driven model. She requested further clarification about the function of the Center.

Ms. Dias responded that the importance of a Center was recognized during the establishment of IFEA as a way to avoid duplication of resources. Mr. Gunn added that engagement with stakeholders had revealed that other standard setters have similar functions to complement technical standard setting.

Ms. Dias thanked the Project Team for its presentation and the Board for its recognition and appreciation of staff as they commence this workstream under the new model.

WAY FORWARD

The Project Team will undertake desktop research and engage with a broad range of stakeholders. The IESBA will receive an update on the Project Team's activities at its March 2024 meeting, with a final report anticipated by the end of 2024.

9. Closing Remarks

Ms. Dias announced the updated compositions of the various Task Forces and Working Groups, including the Planning Committee, in light of Board member rotations at the end of the year.

In closing, Ms. Dias congratulated the Board on a successful meeting and expressed gratitude for its dedication and hard work over the past two years on the various projects, especially the Tax Planning, Sustainability and Experts projects.

Ms. Dias extended her warm appreciation to the retiring IESBA members, Messrs. Chaudhary and Muvunyi, Prof. Poll, and Ms. Wu for their contributions to the Board's work throughout their terms of service. She also thanked the retiring technical advisors, Messrs. Engelhardt and Twagirimana, as well as Mss. Soni and Yuan for their contributions. Additionally, she thanked Mr. Hansen for his 13 years of service on the IESBA CAG, the last four as CAG Chair.

Finally, Ms. Dias thanked all the IESBA participants for their contributions at the meeting, conveyed her best wishes for the holiday season and the New Year, and closed the meeting.

10. Next Meeting

The next Board meeting is scheduled for March 18-20, 2024, to be held in person in New York, USA.