Agenda Item 10-A

Emerging Issues and Outreach Committee
Terms of Reference – Updated June 2024

Objectives

1. The objectives of the Emerging Issues and Outreach Committee (EIOC) are to:

    (a) Oversee the activities of the IESBA's emerging issues and outreach initiative carried out in accordance with the IESBA's Statement of Working Processes—Emerging Issues and Outreach; and

    (b) Report to or advise, as appropriate, the IESBA in relation to the topics of emerging issues and outreach.

Responsibilities

2. With respect to emerging issues, the EIOC's responsibilities are to:

    *   Review emerging issues screened by IESBA staff and agree those items that would merit consideration by the IESBA and the IESBA-IAASB Stakeholder Advisory Council (SAC); and

    *   Report the selected matters to the IESBA and, as appropriate, seek the views and advice of the SAC thereon.

3. With respect to outreach, the EIOC's responsibilities are to:

    *   Review the IESBA's outreach activities and provide feedback to the IESBA on how to improve them, considering the range, focus, and approach of the outreach; and

    *   Monitor the development and maintenance of the IESBA's media strategy and advise the IESBA in relation to that strategy.

Working Procedures

4. The EIOC will ordinarily convene via videoconference at least twice annually or more often, if necessary. The accompanying **Appendix** sets out plans for carrying out the Committee's activities.

Deliverables

5. The EIOC will:

    (a) Present its report on emerging issues to the IESBA and, as appropriate, the SAC at least every six months; and

    (b) Report any recommendations it may have regarding outreach to the IESBA on a periodic basis.

Composition

6.   The EIOC will be chaired by an IESBA member and comprise at least two other individuals. IESBA Staff will provide support to the EIOC.

Appendix

Statement of Working Processes—Emerging Issues and Outreach
June 2024

A.   **Introduction**

1.   This statement sets out the working processes through which the IESBA plans to carry out its activities under its Emerging Issues and Outreach initiative.

2.   To assist in the execution of this initiative, the IESBA has established a standing committee (hereafter referred to as the Emerging Issues and Outreach Committee, or EIOC) to oversee the activities in this area in accordance with the EIOC's Terms of Reference.

B.   **Emerging Issues**

DESCRIPTION OF AN EMERGING ISSUE

3.   For purposes of this initiative, an emerging issue is any national or international development identified outside of the Board's strategic planning process that is related to, or has a connection with, the IESBA's remit and may:

(a)   Have a potential impact on the IESBA's strategy and work plan;

(b)   Motivate IESBA to take action, such as organizing or participating in a debate at the international level; or

(c)   Otherwise merit IESBA attention.

IDENTIFICATION OF EMERGING ISSUES

4.   To assist in the identification of emerging issues, potential sources of information that may be considered include those listed in the table below. The table also indicates the type of effort involved and who primarily would be involved in the identification process. It is anticipated that, to the extent possible, IESBA members and technical advisors will contribute to the identification effort.

#	Sources of Information	Type of Effort	Involvement
Business and Industry Publications			
1.	Monthly IFAC Global Regulatory Report	Review	EIOC staff Lead
2.	Summary audit inspection reports (e.g., annual reports issued by the International Forum of Independent Audit Regulators (IFIAR), the European Audit Inspection Group (EAIG) and audit oversight bodies from major jurisdictions)	Review	EIOC staff Lead
3.	Ad-hoc reports issued by key stakeholders (e.g., benchmarking reports or updates)	Review	EIOC staff Lead

#	Sources of Information	Type of Effort	Involvement
4.	Accounting and business press or other media	Becoming aware	Board representatives[1] and Communications team
Outreach and Other Meetings			
5.	Regulators and audit oversight bodies	Meeting	Board representatives and IESBA staff
6.	National Standard Setters (NSS) liaison group	Meeting and annual requests for information on national developments	Board representatives and IESBA staff
7.	Stakeholder Advisory Council (SAC)	Meeting	Board representatives and IESBA staff
8.	Forum of Firms	Meeting	Board representatives and IESBA staff
9.	Other outreach meetings	Meeting	Board representatives and IESBA staff
Other			
10.	Academic research and releases from academic organizations, e.g., International Association for Accounting Education & Research (IAAER), American Accounting Association (AAA), European Accounting Association (EAA)	Becoming aware (including through staff participation in academic conferences)	Board representatives and IESBA staff
11.	Liaison with IAASB	Regular interactions	Board representatives and IESBA staff

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[1] Board representatives include Board members, technical advisors and staff

#	Sources of Information	Type of Effort	Involvement
12.	Liaison with IFAC Small and Medium Practices (SMP) Advisory Group, Professional Accountants in Business (PAIB) Advisory Group	Regular interactions	Board representatives and IESBA staff
13.	National or jurisdictional developments	Becoming aware	Board representatives and IESBA staff

5.   With respect to academic research, an IESBA Board or staff member may be appointed as liaison with the academic community. In addition, staff will maintain ongoing contact with the academic community through, for example, participation in the annual meeting of the American Accounting Association (AAA).

6.   Relevant information about identified emerging issues (for example, hyperlinks to relevant articles or publications) identified by Board representatives and IESBA staff through their engagements is to be forwarded to the EIOC staff lead for collection.

THE FILTERING PROCESS

7.   IESBA staff is responsible for categorizing identified issues for review by the EIOC based on the significance of the issues in terms of potential impact on the IESBA's work. The Planning Committee will not be involved in considering and filtering the identified matters prior to IESBA consideration. However, the Planning Committee may be asked to reflect on those matters discussed by the IESBA with a view to advising the IESBA of possible courses of action that may be needed.

8.   Emerging issues will be filtered into four categories based on the guidelines set out in the table below:

Category	Nature of Category	Guidelines
A. For IESBA consideration	Matters that merit IESBA discussion and consideration of possible actions.	• Matter has standard-setting significance, such as: ○ Matter appears to suggest a potential weakness, deficiency or gap in the Code. ○ Matter appears to suggest lack of clarity in one or more existing provisions in the Code. ○ Matter appears to directly impact current project(s) or potentially influence direction of current project(s). ○ Matter appears to suggest need for potential future standard-setting project(s).

Category	Nature of Category	Guidelines
		• Matter appears to be of strategic or sufficient importance relative to the development, adoption and implementation of the Code to merit IESBA consideration. • Matter appears to suggest a debate in which, or a topic on which, the IESBA should have a voice or take a leadership position given its role and remit.
B. For IESBA noting	Matters for the IESBA to note but which do not merit substantive IESBA discussion.	• Matter is a new or ongoing development that may have a possible impact on the IESBA's strategy and work plan although not in the immediate future. • Matter relates to a specific implementation or application of the Code that may merit IESBA attention but no specific discussion or action at this time.
C. For Staff noting	Matters that do not merit being brought to the IESBA's attention at this time.	• Matters not falling into the above two categories but nevertheless of sufficient significance to merit noting by staff for possible future reference.
D. Other matters	Matters that are not of sufficient significance to be further considered.	• Matters not falling into the above three categories.

9.   In gauging the potential impact and urgency of a particular issue, consideration will be given to the frequency of occurrence, or potential recurrence, of the issue and its implications for the public interest..

IESBA CONSIDERATION OF EMERGING ISSUES

10.   The EIOC will present issues for IESBA consideration at alternate IESBA meetings (i.e., once every six months), unless the EIOC judges an emerging issue to be of such importance as to merit IESBA consideration at the earliest opportunity.

11.   IESBA consideration of emerging issues will ordinarily take place in the open session. The EIOC will determine if discussion of a particular issue in the executive session is warranted based on the sensitivity of the issue..

INVOLVEMENT OF THE SAC

12.   The EIOC may seek the views and advice of the SAC on strategic matters identified. To the extent possible, the EIOC will synchronize the timing of the SAC discussion with the timing of the IESBA discussion.

EXPECTED OUTCOMES

13.   The nature and timing of IESBA actions arising from this initiative will vary with the nature and significance of the matters considered. Such actions may include, for example:

- Possible adjustments to the IESBA strategy and work plan, including re-prioritization of existing commitments and addition of new items to the current strategy and work plan.

- Commissioning of staff publications.

- Specific actions on current projects or initiatives.

- IESBA decision to lead or engage in a specific debate at the international level.

- Outreach to specific stakeholders to convey IESBA views on a particular matter.

- Communications regarding the initiative in the IESBA's annual report and other communication vehicles.

CONSIDERATION OF EFFECTIVENESS OF EMERGING ISSUES INITIATIVE

14.   Periodically, the IESBA will reflect on the effectiveness of the initiative and consider whether improvements can be made to the working processes.

15.   Positive outcomes that may assist the IESBA in assessing the effectiveness of the initiative include:

- Specific IESBA actions initiated in response to the emerging issues, and the timeliness of such actions.

- Improved stakeholder perceptions of IESBA responsiveness and relevance, including positive feedback from stakeholders and increased interest of stakeholder groups, such as the SAC in emerging issues identified by the IESBA.

- Success in generating debate or actions among stakeholders on specific topics.

- Increased stakeholder awareness of the IESBA's work, such as through external requests for IESBA views on specific emerging issues.

C.   **Outreach**

FOCUS OF OUTREACH

16.   The IESBA will generally focus its outreach activities on key stakeholder groups with the aim of increasing the adoption of, or convergence with, the Code. Key stakeholder groups include the following (in alphabetical order):

- Academia (e.g., through representative bodies such as the AAA and EAA)

- Firms, including SMPs (e.g., the Forum of Firms and the IFAC SMP Advisory Group)

- Professional accountancy organizations

- Investors

- National standard setters

- PAIBs (e.g., through IFAC PAIB Advisory Group, financial executives' institutes)

- Regional and international organizations that have a nexus to the IESBA's work (e.g., the World Bank and the Organization for Economic Co-operation and Development (OECD))

- Regulators and audit oversight bodies, including IOSCO, IFIAR and CEAOB

- Those charged with governance (e.g., International Corporate Governance Network, institutes of directors, company directors)

17. The IESBA will consider opportunities to reach out to other groups based on merits of each opportunity.

18. The EIOC will periodically review the IESBA's past outreach activities to identify specific regions or jurisdictions where there would be benefit in undertaking outreach, and advise the IESBA Chair and Program and Senior Director accordingly.

19. Final determinations regarding specific outreach actions will be made by the IESBA Chair and Program and Senior Director having regard to budgetary implications, timing and availability of IESBA representatives to undertake the relevant outreach.

IDENTIFYING OUTREACH OPPORTUNITIES AND INVOLVEMENT OF IESBA MEMBERS AND TECHNICAL ADVISORS

20. IESBA members and technical advisors are encouraged to participate in outreach and to assist in identifying relevant opportunities for outreach in their jurisdictions.

21. When IESBA members or technical advisors have the opportunity to raise awareness about the IESBA's work beyond the traditional audience, they are encouraged to share information about such activities with the IESBA Chair and Program and Senior Director for noting and for consideration of whether there would be benefit in conveying specific messages to these audiences.

22. When IESBA members and technical advisors are invited to speak about the IESBA and its work in their Board-related capacity, they are asked to advise the IESBA Chair and Program and Senior Director of the relevant invitations for consideration and concurrence, taking into account budgetary constraints if costs are to be borne by the IESBA.

CONSISTENCY OF MESSAGING

23. Consistency of messaging is important to the IESBA's outreach efforts to ensure that IESBA representatives are seen by stakeholders as speaking with one voice. This approach will also minimize the risk of confusion and any stakeholder perceptions that the IESBA is uncoordinated. In support of this objective, staff will endeavor to support IESBA representatives by preparing/providing presentation slides and speaking notes, as needed.

24. Staff may further assist by providing background information and other briefing materials relevant to the particular event.

MEDIA STRATEGY

25.   Responsibility for developing a media strategy for the IESBA rests with the Communications Team. As needed, the EIOC will provide updates to the Communications Team regarding the status of the media strategy and its execution.

REPORTING BACK ON OUTREACH

26.   IESBA representatives who have been involved in outreach activities may be asked to provide brief notes regarding these activities to IESBA staff for collation in advance of each IESBA meeting.

27.   The summary and outcomes of the outreach activities will ordinarily be shared in the executive session.

CONSIDERATION OF EFFECTIVENESS OF OUTREACH

28.   The IESBA will reflect annually on its outreach activities as a basis for identifying potential enhancements to its outreach efforts.

29.   Some of the outcomes that may assist the IESBA in judging whether it is being effective in its outreach efforts include:

- Increased linkages between stakeholder feedback obtained through outreach to Board projects or initiatives.

- Increased media exposure.

- The accounting, business or general press reaching out to the IESBA to a greater extent for views and comment on emerging issues and other relevant topics.

- Increased adoption of the Code internationally.

D.   **Resource Needs and EIOC Meetings**

30.   This initiative will be supported by up to two staff members, with each expected to allocate 5 - 10% of his or her time to the initiative on an ongoing basis.