

**Firm Culture and Governance****Breakout Group Discussion – Non-Authoritative Material, Other Guidance or Awareness Raising Materials****Background**

1. The Firm Culture and Governance project team (FCG PT) proposes to develop non-authoritative materials (NAM) and other guidance or awareness raising materials (collectively, “supporting material”)<sup>1</sup> on some or all of the 8 elements of an FCG framework (FCG elements) identified in the [project proposal](#) during the next 18-24 months:<sup>2</sup>
  - Ethical leadership.
  - Oversight and governance.
  - The provision of independent input.
  - Accountability across the firm.
  - Incentives and rewards that align with ethical behavior.
  - Culture of open discussion and challenge.
  - Continuous education and training.
  - Transparency.
2. The development of such supporting materials would serve a number of key objectives, including:
  - Providing an avenue for the IESBA to take a thought leadership role on the topic of FCG from a global perspective.
  - Providing guidance to firms on the application of relevant provisions in the Code that contribute to an ethical culture.
  - Helping to raise awareness about the important aspects of the eight FCG elements:
  - Providing a platform for further engagement and dialogue with stakeholders about the importance of ethical culture and governance within accounting firms.
  - Further informing the IESBA's holistic considerations of how best to approach the development of an FCG framework that would assist firms in proactively thinking about, and striving towards, an ethical culture, and ultimately serve the public interest.
3. Possible types of supporting materials that might be developed include:
  - Thought piece or white paper.

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<sup>1</sup> During the June 2025 Board meeting, the Board will receive a brief presentation on what types of supporting materials constitute (i) NAM, or (ii) other guidance and awareness raising materials. The type of material developed will determine the level of Board involvement, input and review.

<sup>2</sup> Agenda Item 3-A, Appendix 2 contains some possible aspects of each FCG element that could be addressed by the supporting materials.

- Guide to applying the extant Code provisions relating to ethical culture for firms (e.g., Exploring the Code).
  - Empirical research (e.g., commissioning academic research).
  - Fact sheet on how the extant Code addresses the critical role of ethical culture within firms.
  - Case studies/ Use cases.
  - Summary of suggestions from the roundtables regarding what could be done to effectively foster an ethical culture.
  - Webinar, podcast, interview, or opinion piece with interested stakeholders or Board members.
4. The time taken to develop each piece of supporting material will be impacted by factors such as the type of material being developed, whether additional research and outreach is needed, and whether there are opportunities to collaborate with firms, jurisdictional standard setters (JSS) or other stakeholders.

### **Supporting Material for 2025**

5. During the first half of 2025, the FCG PT released the following supporting material:
- Webpage dedicated to FCG with a collection of resources.
  - A report which synthesizes global academic literature on organizational culture.
  - Quiz on the academic report.
6. During the second half of 2025, the FCG PT plans to release (i) a feedback statement on the global roundtables, and (ii) series of 8 “soundbites,” under each of the 8 FCG elements, which would summarize key stakeholder suggestions or observations from the global roundtables regarding what could be done to effectively foster an ethical culture.

### **Stakeholder Collaboration**

7. The FCG PT believes that some form of collaboration with stakeholders, such as accounting firms or others in the profession and JSS, in developing supporting materials would help enhance the relevance and usefulness of such materials to the profession. Examples of possible collaboration include inviting interested stakeholder(s) to:
- Provide a presentation or participate in an interview/ podcast.
  - Sharing a case study, use case example, data or statistics.
  - Co-authoring a piece of supporting material.
8. Preliminary feedback from the IESBA-JSS liaison group<sup>3</sup> indicated a high level of interest in such collaboration. The FCG PT will follow up on these expressions of interest from the JSS.

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<sup>3</sup> Jurisdictional standard-setters that expressed interest in some form of collaboration: Australia, Austria, Canada, China, France, Germany, Hong Kong, India, Japan, New Zealand, Nordic Federation, Saudi Arabia, South Africa, the Netherlands, United Kingdom, and the United States.

### **Breakout Groups**

9. Board members are asked to discuss the questions below.
10. The feedback provided during the breakout group discussions will assist the FCG PT in preparing a work plan for the development of the supporting materials.

#### *Breakout Session Questions*

1. For each of the 8 FCG elements, what should be the highest to lowest priority in terms of developing supporting materials?
  - Ethical leadership.
  - Oversight and governance.
  - The provision of independent input.
  - Accountability across the firm.
  - Incentives and rewards that align with ethical behavior.
  - Culture of open discussion and challenge.
  - Continuous education and training.
  - Transparency.
2. What are the types of supporting material would best be suited to each of the elements?
3. Over which period should the effort to develop supporting materials play out?
4. What other topics, if any, should be considered by the FCG PT? Are there any other suggestions on the development of supporting material that you believe should be considered by the PT?

### **Format of the Breakout Group Session**

11. The Board will be allocated into 2 breakout groups. The breakout discussion will be approximately two hours. Following the breakouts, Staff will provide a report-back on the questions discussed.