

Meeting: IESBA
Meeting Location: Lisbon, Portugal
Meeting Date: September 16-19, 2025

Agenda Item 2

Firm Culture and Governance (FCG)

Objectives of the Agenda Item

1. To consider:
 - (a) The draft IESBA viewpoints (“Viewpoints”) on the eight elements of the FCG framework identified in the [project proposal](#).
 - (b) The FCG Project Team’s (PT) preliminary plan for other supporting materials and initiatives to be developed in 2026.

Activities since June 2025

2. At its June 2025 meeting, the IESBA:
 - (a) Considered highlights of key comments from the global roundtables and other stakeholder outreach in Q2 2025 as well as an external presentation by representatives of Principia on building and measuring ethical culture;
 - (b) Supported the PT’s proposed revised strategic approach to the project which aligns with the IESBA’s revised overall forward strategy for 2025-2026:
 - The revised strategic approach to the project includes a re-sequencing of the standard-setting and non-authoritative material (NAM) work streams, with a focus on the development of NAM and other supporting materials over the next 15 to 21 months whilst continuing to explore the best approach to the FCG framework.
 - At its June 2026 meeting, the IESBA will reflect on feedback from engagement with stakeholders on the Viewpoints in considering the way forward on the FCG framework.
 - (c) Agreed to develop a series of IESBA viewpoints on the FCG elements.
3. The PT met several times with the Board Advisors to the project¹ in Q3 2025 with a view to developing the materials for the IESBA’s consideration and discussion at the September 2025 meeting. The PT has also taken into account feedback received from the IESBA Chair.

Draft IESBA Viewpoints on FCG Elements

4. **Agenda Item 2-A** includes the Viewpoints on the eight elements of the FCG framework:

Group A

- Accountability across the firm
- Rewards

¹ Channa Wijesinghe and Rich Huesken

- Open discussion and challenge
- Education and training
- Transparency

Group B

- Ethical leadership
 - Oversight and governance
 - Provision of independent input
5. To facilitate the review of the Viewpoints, the PT recommends that IESBA members first review the five Viewpoints in Group A, followed by the remaining three in Group B which are more overarching in nature.
6. The PT developed the Viewpoints based on the following guiding considerations:
- The main target audience is the senior leadership of accounting firms (“firms”), regardless of the size of the firms and type of professional services provided.
 - The content of the Viewpoints is drawn from the FCG Working Group’s [Final Report](#) and the information received from broad and extensive stakeholder outreach conducted during the project, particularly the six global [roundtables](#) held in 2025.
 - The Viewpoints should articulate high-level principles under each FCG element that are actionable by firms and their senior leadership. To strike a balance between these two considerations (i.e., high-level and actionable), the Viewpoints:
 - Include certain organizational matters or factors that can be considered by firms.
 - Do not include practical examples or specify any processes, which would be too granular and would vary from firm to firm.
 - The Viewpoints should be scalable and proportionate, given the diverse range of firms and the services they provide. Where relevant, the Viewpoints incorporate scalability and proportionality considerations (e.g., see provision of independent input, and oversight and governance).
7. In addition to the above guiding considerations, each Viewpoint was drafted under the following drafting convention:
- Each Viewpoint commences with the section “Public interest considerations” which explains the reasons why a topic (e.g. ethical leadership) is fundamental to developing an ethical firm culture. The remaining sections in the Viewpoint articulate the high-level principles on the topic.
 - The Viewpoints use the present tense, and do not use ‘shall’, ‘should’ or similar verbs or expressions since they are non-authoritative materials and are not part of the *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the Code).
 - The Viewpoints do not reference existing FCG-related provisions, either in the Code or

ISQM1.²

8. The PT will develop other supporting materials that will complement the Viewpoints and provide practical guidance to help firms understand how the principles in the Viewpoints can be applicable in their firms (see **Agenda Item 2-B** on the preliminary plan for other supporting materials and initiatives).

Draft Overarching Viewpoint (to be Developed)

9. In addition to the eight Viewpoints set out in **Agenda Item 2-A**, the PT will develop an overarching viewpoint for the IESBA's consideration at its December 2025 meeting.
10. This overarching viewpoint will, among other things:
 - Set the context and background of the other eight Viewpoints;
 - Highlight the connectivity between the eight Viewpoints;
 - Explain the elements that are common to all Viewpoints.
 - For instance, that it is important for network firms to apply the principles in the Viewpoints in a consistent way across the network. Since 'consistency' is a network-related topic that applies to all eight Viewpoints, the PT opted to save it for the overarching viewpoint instead of repeating it in each Viewpoint. As such, when a Viewpoint in **Agenda Item 2-A** includes a network-related paragraph, it intends to complement (not simply state) that idea of 'consistency'.
11. Since the information to be included in this overarching viewpoint is dependent on the outcome of the IESBA's discussions on the eight Viewpoints at its September 2025 meeting, the PT will develop the overarching viewpoint only after this meeting.

Preliminary Plan for Other Supporting Materials and Initiatives

12. As part of the FCG project's re-sequencing of work streams as agreed by the IESBA in June 2025, the PT will develop a series of other supporting materials and initiatives in addition to the Viewpoints. **Agenda Item 2-B** includes the PT's preliminary plan for those other supporting materials and initiatives.
13. Taking into account the IESBA's discussions in September 2025, the PT will continue to develop the plan for the other supporting materials and initiatives and present it at the December 2025 IESBA meeting.

Coordination with IAASB

14. As part of the ongoing coordination efforts, the PT and Board advisors met twice since the June 2025 meeting with IAASB representatives, including Greg Schollum, IAASB Member, Misha Pieters, IAASB Technical Advisor, and IAASB Staff, to provide an update on the project and discuss the materials to be presented at the IESBA September 2025 meeting. In addition, the PT and IAASB Staff met throughout the quarter to facilitate effective and efficient coordination.
15. The PT will continue to coordinate closely with IAASB representatives on the development of any material including any supporting materials by the IESBA that may be relevant to ISQM 1 or other

² ISQM 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*

IAASB standards.

September 2025 IESBA Meeting

16. At the September 2025 meeting, the IESBA will be asked to consider the eight Viewpoints (**Agenda Item 2-A**) and the PT's preliminary plan for other supporting materials and initiatives (**Agenda Item 2-B**).

Matters for IESBA Consideration

IESBA Viewpoints

1. Do IESBA members support the PT's proposed approach to developing the Viewpoints (both the guiding considerations and drafting convention set out in paragraphs 6-7)?
2. If so, do IESBA members agree that the eight Viewpoints in **Agenda Item 2-A** appropriately reflect the approach set out above?
3. IESBA members are asked to share views on the eight Viewpoints, including whether they meet the objective of helping stakeholders better understand the public interest goals of the project and test the need, usefulness, and actionability of the proposed elements and principles.

Preliminary Plan for Other Supporting Materials and Initiatives

4. Do IESBA members support the PT's preliminary plan for other supporting materials and initiatives?

Materials Presented

Agenda Item 2-A	Draft IESBA Viewpoints
Agenda Item 2-B	Preliminary Plan for Other Supporting Materials and Initiatives