

Draft Minutes of the 92nd Meeting of the INTERNATIONAL ETHICS STANDARDS BOARD FOR ACCOUNTANTS

Held on June 9-12, 2025 in New York, USA

Voting Members

Present: Gabriela Figueiredo Dias (Chair)
Channa Wijesinghe (Vice Chair)
Saadiya Adam
Mark Babington
Vania Borgerth
Richard Huesken
Tomoyo Imura
Sung-Nam Kim
Héctor Lehuedé
Rania Uwaydah Mardini
Christelle Martin
Nancy Miller
Paul Muthaura
Luigi Nisoli
Obichukwu Nwazota
Amarjeet Singh
David Wray

Non-Voting Observer

Present: Yohei Ito, Japanese Financial Services Agency (FSA)

Public Interest Oversight Board (PIOB) Observer

Present: Tshego Modise

IESBA and International Federation of Accountants (IFAC) Staff

Present: James Gunn (Managing Director, Professional Standards), Ken Siong (Program and Senior Director), Linda Biek (Director), Rui Peres Jorge (Director), Geoffrey Kwan (Director), Kam Leung (Director), Laura Leal, Jon Reid, Szilvia Sramko, Carla Vijian, Jeanne Viljoen, Joanna Bernard, Joanne Holt, Elaine Cahoon (IESBA Staff Fellow), Astu Tilahun, Diana Vasquez
David Johnson (IFAC Communications)

Technical Advisors

Deepa Agarwal (Mr. Singh) (Days 1-3)
Keith Billing (Mr. Babington)
David Clark (Mr. Huesken)
Ellen Gorla (Ms. Miller)
Marta Kramerius (Mr. Nisoli)
Ki-Tae Park (Mr. Kim)
Natashia Soopal (Ms. Adam)
Bruno Tesnière (Ms. Martin)
Masahiro Yamada (Mss. Borgerth and Imura)
Belinda Zohrab-McConnell (Mr. Wijesinghe)

1. Opening Remarks

Ms. Dias welcomed all participants and public observers to the second meeting of 2025. She extended a special welcome to former IESBA member Ms. Liesbet Haustermans and former Technical Advisor Ms. Gina Maldonado-Rodek, both observing virtually. She also welcomed former IESBA Technical Advisors Messrs. Jens Engelhardt and Andrew Pinkney, both observing in person.

Ms. Dias then updated the Board on the activities of the Planning Committee during the quarter, including consideration of updates on various workstreams, discussion on the trends in the external reporting ecosystem and proposed adjustments to the overall IESBA strategy and work plan for 2025-2026, a strategic discussion on the way forward for the Firm Culture and Governance (FCG) project in light of the proposed adjustments to the overall strategy and work plan for 2025-2026, and the planning of the June 2025 board meeting.

Ms. Dias also briefed the Board on the highlights of the Stakeholder Advisory Council (SAC) and IESBA-Jurisdictional Standard Setters (JSS) meetings held in May 2025.

APPROVAL OF MINUTES

The IESBA approved the minutes of the March 2025 public session as amended.

2. Trends in the External Reporting Ecosystem

DEVELOPMENTS IN EUROPEAN UNION (EU) CAPITAL MARKETS AND IMPLICATIONS FOR ETHICS STANDARD SETTING

Ms. Dias welcomed Dr. Apostolos Thomadakis, Research Fellow and Head of the Financial Markets and Institutions Unit at the Centre for European Policy Studies (CEPS), to provide a briefing on recent developments in the EU capital markets landscape. Among other matters, the briefing covered the implications stemming from the European Commission's competitiveness agenda, the proposed sustainability omnibus directive, and related shifts in corporate governance frameworks.

Dr. Thomadakis delivered a comprehensive presentation covering:

- The transition from the Capital Markets Union (CMU) to a Savings and Investment Union (SIU);
- Fragmentation and inefficiencies in EU capital markets and regulatory infrastructure;
- Concerns regarding regulatory overreach and inconsistent implementation across Member States;
- The implications of the sustainability omnibus directive, including its potential impact on transparency and trust in capital markets;
- Lessons from EU jurisdictions on investor participation and startup ecosystem development; and
- The broader context of competitiveness vs. sustainability goals in EU policy.

IESBA members raised a number of questions and observations, including the following:

- The potential collateral impact of the EU's rollback on sustainability reporting, particularly in jurisdictions where voluntary disclosure had been increasing. Dr. Thomadakis noted that approximately 80% of companies initially expected to report under the CSRD would now be exempt under the omnibus proposal. He expressed concern that this reversal might undermine the momentum for voluntary reporting and reduce the availability of vital market information.

- The role of global standard setters in responding to increasing jurisdictional competition that may deprioritize ethics in favor of market expansion. Dr. Thomadakis emphasized the need for faster, coordinated responses grounded in evidence and principles, while cautioning against regulatory churn that undermines predictability and implementation.
- Whether EU institutions share a unified long-term vision capable of supporting meaningful reform. Dr. Thomadakis noted ongoing institutional misalignment and suggested drawing inspiration from within the EU.
- How to interpret public interest in a deregulatory environment. Dr. Thomadakis emphasized the importance of trust and responsible corporate behavior, warning that reducing sustainability disclosures impairs market efficiency and weakens investor protection.
- Concerns about narrowing the sustainability agenda to data and disclosure at the expense of growth-oriented policy objectives. Dr. Thomadakis called for a more holistic approach, including alignment between regulatory objectives and market development.
- Investor perspectives, including signals from institutional investors continuing to prioritize ESG disclosures. Dr. Thomadakis noted that investor expectations may be increasingly misaligned with political developments.
- Comparisons with regulatory approaches in other jurisdictions, including the United States. Dr. Thomadakis noted some shared challenges but emphasized the distinct pace and nature of the EU's policy shifts.
- Similarities with challenges in other bank-centric markets, particularly with scaling SME innovation. Possible responses to the challenges included legal harmonization, targeted tax incentives, and development of tax-advantaged savings accounts.
- Clarification on the meaning of "simplification" as used by policymakers. Dr. Thomadakis distinguished between genuine simplification and deregulatory rollback, noting a concern about the lack of impact assessments and transparency in current EU proposals.
- Ethical considerations in EU policymaking. Dr. Thomadakis noted that attention to ethics varies significantly across Member States, with the European Commission limited to issuing recommendations and guidance.
- Whether environmental sustainability goals remain active priorities in the EU. Dr. Thomadakis indicated that while climate objectives have not disappeared, the policy emphasis has shifted heavily toward growth and competitiveness.
- The value of aligning with international standards to reduce fragmentation. Dr. Thomadakis encouraged deeper cooperation with international standard setters, such as the IESBA and International Auditing and Assurance Standards Board (IAASB), to support regulatory coherence and investor confidence.

Ms. Dias thanked Dr. Thomadakis for the insightful presentation and dialogue. The discussion was noted as highly relevant to the IESBA's ongoing initiatives.

FORWARD STRATEGY AND WORK PLAN

The IESBA considered key comments from the May 2025 discussion with the JSS and SAC as part of its mid-cycle review of the Strategy and Work Plan 2024–2027. Mr. Kwan then proceeded to highlight two refinements to the strategy based on earlier discussions:

- The addition of the concept of simplification under Adoption and Implementation (A&I), reflecting its relevance across projects, post-implementation reviews (PIRs), non-authoritative material, and communications.
- There will be an emphasis on a period of stability, with no new major standards expected to be issued before 2027, while retaining flexibility to respond to urgent developments as needed.

The Board noted these refinements and confirmed alignment with its prior discussions.

Mr. Kwan then provided the IESBA with an overview of the revised work plan as part of the mid-cycle review. IESBA members expressed general support for the proposed strategic adjustments, including prioritization of PIRs, and agreed to the importance of aligning messaging, maintaining strategic flexibility, and addressing key stakeholder concerns in the interim period.

In discussing the revised work plan, IESBA members raised a number of questions and observations, including the following:

- The importance of greater clarity on the Board's approach to cost-benefit analysis. IESBA members noted the lack of good jurisdictional examples. There was a suggestion that future engagements should aim to gather relevant insights. It was also observed that in some jurisdictions, impact analyses are only conducted when regulatory cost thresholds are exceeded and may include both qualitative and quantitative assessments. The IFRS Foundation's approach to cost-benefit assessments was cited as a possible reference model.
- Concerns about the feasibility of undertaking global cost-benefit analyses, given the potentially resource-intensive nature of such work. IESBA members cautioned against setting aspirational commitments that may prove unworkable in practice.
- A suggestion to reframe the concept of cost-benefit analysis to focus instead on clarity of objectives, early identification of implementation challenges, and strategic planning at project inception.
- A call for greater clarity around the outcomes expected from stakeholder engagement. IESBA members emphasized the importance of avoiding any perception that a slowdown in standard-setting equates to inaction and recommended maintaining the capacity to respond to urgent issues.
- A suggestion to ensure that stakeholder feedback is used not only to explain current actions but also to inform future strategic directions. It was suggested that simplification, although broadly supported, should focus on improving the usability and accessibility of the Code without weakening its robustness.
- An observation that engagement and communication are distinct activities. IESBA members emphasized that stakeholder engagement should involve structured, two-way dialogue rather than one-way advocacy or promotion.

- A suggestion that collaboration with the IAASB and International Sustainability Standards Board (ISSB) would be beneficial in areas such as sustainability, and that engagement strategies should be tailored to the diverse roles, interests, and expectations of different stakeholder groups.
- A caution that simplification should not necessarily result in revisions to the Code. The five-year project to restructure the Code, completed in 2018, to increase its usability and accessibility, as well as the eIS tool, are important simplification efforts that should be recognized.
- A view that future simplification efforts should be grounded in stakeholder evidence and practical need. It was also suggested that usability improvements could be pursued through supplementary guidance and tools rather than structural changes to the Code itself.

There was an extended discussion on how best to communicate the strategic pause in standard-setting. While IESBA members agreed on the need to manage the pace and stakeholder expectations, several advised against definitive or overly rigid statements. IESBA members agreed to focus on the reality that no significant new standards are expected to be issued during the next 18 months, and that ongoing work should prioritize reflection, stakeholder engagement, and quality over quantity.

Project Specific Discussions

- Firm Culture and Governance

The Board noted that draft “fact sheets” on the eight agreed elements of the FCG framework are scheduled for presentation at the September 2025 meeting, with finalization in December 2025. IESBA members requested clearer milestones and suggested that elements of the framework be brought forward earlier than currently planned.

- Evolving Role of CFOs and Other Senior PAIBs

The Board agreed to commence fact-finding in 2025. Some IESBA members encouraged faster progress, including the preparation of a problem statement by the end of 2025, while others emphasized the importance of careful scoping and engagement with stakeholders before concluding on any further actions.

- Restructured Code and Simplification

The Board expressed strong support for accelerating discussions on enhancing the accessibility and usability of the Code. Suggestions included improvements to the Guide to the Code and embedding simplification activities into the PIR for the Restructured Code.

- Post-Implementation Reviews

The importance of efficiency and strategic bundling were highlighted in relation to upcoming PIRs. It was suggested that PIRs for the Restructured Code and for Long Association be conducted jointly to optimize stakeholder engagement and manage limited resources. However, the Board noted that the PIR for Long Association would include a study on the effectiveness of mandatory firm rotation around the world, which would be a significant endeavor.

- Profession-Agnostic Independence Standards in Part 4B

Several IESBA members expressed caution regarding the timetable for issuing an exposure draft in the fourth quarter of 2026. It was suggested that the Board reconsider the schedule in light of stakeholder feedback and overall priorities.

- Sustainability and Artificial Intelligence (AI)

The Board noted that the rollout of the IESBA's sustainability-related standards will largely conclude in 2025, after which related activities will transition into A&I. IESBA members emphasized that AI should feature more prominently in the work plan, given its significant implications for ethics and independence.

- Strategy and Work Plan (SWP) 2028–2031

The Board noted the planned survey and consultation process, with final approval of the new SWP targeted for the latter part of 2027. Some IESBA members suggested that these activities be complemented with direct engagement of specific stakeholders, in addition to the consultation paper process.

After further deliberation, the Board agreed to the adjustments to the SWP for 2025-2026, with simplification and stability as central themes. Ms. Dias emphasized that the work plan should demonstrate tangible progress through concrete outputs, milestones, and decision points. She added that the "IESBA SMART" framework should guide implementation and communications, and that the Board must remain agile to adjust course as needed.

COMMUNICATIONS STRATEGY AND SMART FRAMEWORK

Mr. Jorge introduced a proposed framework, "IESBA SMART," intended to guide strategic communications and stakeholder engagement in alignment with the Board's broader objectives. Mr. Jorge's presentation also summarized key developments since the March 2025 Board meeting and insights from a recent benchmarking exercise undertaken by the IESBA Communications team about good communication practices from 12 regulatory bodies, standard setters and external institutions.

Mr. Jorge explained that the SMART framework and supporting analysis reflected discussions at the March 2025 Board meeting as well as stakeholder feedback received through recent outreach and institutional engagement. The objective of the SMART framework is to position the IESBA's communications efforts as more accessible, consistent, and strategically aligned with stakeholder needs.

Mr. Jorge indicated that the focus areas in the benchmarking exercise included website structure, tone and accessibility, and social media engagement. The results informed 10 proposed recommendations to improve the IESBA's website and social media presence, including enhancing content clarity, simplifying navigation, and increasing the use of engaging formats such as video and interactive content. Mr. Jorge summarized the five pillars of the IESBA SMART framework as follows:

- Simplification – Making the Code and messaging easier to understand.
- Mobilization – Increasing outreach and engagement, particularly via partnerships and digital content.
- Adoption – Supporting the uptake and implementation of the standards.
- Responsiveness – Demonstrating that stakeholder feedback is heard and acted upon.
- Targeted Action – Delivering tailored messaging to specific stakeholder groups.

Mr. Jorge explained that the framework is not limited to communications but is intended as an operational mindset to drive clarity, coherence, and public interest impact across all aspects of the IESBA's work.

IESBA members welcomed the presentation and expressed strong support for the SMART framework. Among other matters, IESBA members raised the following:

- A recognition of the importance of short-form, accessible content such as podcasts and infographics to increase awareness and understanding of the Code, particularly among younger professionals and non-expert users.
- An emphasis on the need for internal governance mechanisms to ensure consistent tone, strategic alignment, and coherence across communications.
- An encouragement to use audience profiling tools to segment and tailor messages by stakeholder type (e.g., regulators, preparers, auditors, investors and academia).
- A suggestion to build regular content habits (e.g., weekly digests) and leverage analytics to monitor user engagement and inform content development.
- The potential to collaborate with professional accountancy organizations (PAOs) and academic institutions to expand the reach of ethics training and awareness.
- A suggestion to explore ethics resources and certification modules as part of the adoption strategy.
- The importance of prioritizing initiatives within the 12–18-month implementation horizon given resource constraints.

Ms. Dias concluded the session by emphasizing that SMART is not merely a communications initiative but a strategic tool that can guide all aspects of the Board's operations, including stakeholder engagement. She encouraged IESBA members to continue providing feedback and thanked the Communications Team for its initiative and efforts.

PIOB OBSERVER'S REMARKS

Ms. Modise commended the Board for its willingness to receive and respond to feedback. She highlighted the discussion as a model of transparency and thoughtful recalibration in the public interest.

3. Firm Culture & Governance

PRESENTATION FROM PRINCIPIA

Mr. David Rodin, Founder and Chair of [Principia](#), and Mr. Clive Garfield, Principia's Chief Executive Officer, shared a presentation on measuring and building ethical culture. They discussed the ethical decision-making steps and the nine critical drivers that help an organization and its staff make ethical and responsible decisions, as well as how to measure ethical culture through quantitative and qualitative assessments. They also shared observations on the challenges that audit firms faced in developing their ethical culture and the impact of ethical culture on audit quality, based on their analysis of audit firms in the United States.

Among other matters, Messrs. Rodin and Garfield provided the following comments in response to queries raised by IESBA participants:

- Examples of how firms can encourage ethical behavior include incorporating an ethics dimension into the recruitment process, and exiting those who have poor character or do not meet ethical expectations, particularly those with senior roles.

- To create an ethical culture, firms need to both use disincentive measures and create a positive environment that rewards those who display strong ethical behavior and that recognizes strong ethical leaders as valued members of the team. Since character is developed over time, it is important to create programs that enable professionals to develop their ethical muscle over time.
- How firms can develop ethical values within their partners and staff will vary from firm to firm. This may include tone at the top, actions of leaders, providing toolkits for all levels of firm leaders (including partners and junior partners), use of a balanced scorecard and real-life scenarios.
- Firms should consider both the “hardware” and “software” elements that impact ethical culture. The “hardware” includes systems and policies that firms use to manage conduct and behavior, such as risk frameworks, code of conduct, compliance frameworks and key performance indicators, while the “software” is everything that goes inside people’s minds and how they experience the culture of the firm.
- In multi-disciplinary firms, they have observed that the audit service line scores considerably higher in ethical culture assessment than other service lines. They attributed this to professional ethics training and the importance of ethics to an auditor’s identity.

FCG GLOBAL ROUNDTABLES AND OTHER STAKEHOLDER OUTREACH

The Project Team provided an overview of the FCG global roundtables in Q2 2025, during which participants shared views on the eight elements of the FCG framework identified in the project proposal (FCG elements).

Mr. Kwan reported that approximately 170 participants attended the roundtables, with over 40% from the profession, including firms and PAOs. In addition to general observations on the feedback received, he noted that while stakeholders had mixed views regarding whether the IESBA should develop a new standard at this stage of the project, there was strong support for the IESBA to commission the development of non-authoritative materials (NAM) and other supporting materials. Mss. Leung, Holt and Vijian provided an overview on the key comments raised by the roundtable participants on each of the eight FCG elements. Mr. Kwan noted that the feedback received was generally consistent across the jurisdictions.

Ms. Vijian also shared key takeaways from other stakeholder outreach conducted in Q2 2025, including meetings with the Forum of Firms, International Forum of Independent Audit Regulators (IFIAR) Standards Coordination Working Group (SCWG), the IESBA-JSS Liaison Group, the IFAC Small and Medium Practices Advisory Group (SMPAG), and stakeholders from Malaysia and Singapore.

In response to a question as to whether there were any queries raised at the global roundtables regarding whether the project was within the IESBA’s remit, Messrs. Huesken and Wijesinghe, Board Advisors to the project, clarified that the project focuses on the ethical dimensions of a firm. They emphasized that there is no intention for the project to impact the structure of firms or define the types of services they can provide. They further noted that the extant Code already applies not only to individual professional accountants (PAs) but also to firms.

IESBA members recognized the importance of the Board staying within its remit. Among other matters, they made the following comments or suggestions:

- The project should focus on developing high-level principles. It may be more helpful to focus on the most relevant and useful areas for firms instead of addressing broader issues relating to systems and processes.

- While the project's mandate is within the Board's remit, careful consideration should be given to whether certain proposals, such as those relating to the use of independent input, are outside the remit of the Code and may be better taken forward as supporting materials.
- There is a strong link between culture and governance. Addressing ethical culture without considering governance is not sufficient. Focusing on governance does not mean that the project will develop rules.
- A survey of firms of different sizes on whether they are already engaging in practices that promote ethical culture might enable the IESBA to promote good practices and potentially also build support for the project.
- The project should be forward-looking, addressing emerging topics that would impact the profession, such as private equity investment and technology.
- The FCG framework should be anchored to the Code, including the fundamental principles.

IESBA members also made the following comments regarding feedback received on the FCG elements:

- Regarding transparency, firms may find it difficult to publicly disclose ethical breaches as this may create reputational and privacy issues. There may also be concerns about scalability and proportionality. In response, Mr. Kwan noted that roundtable participants recognized that it can be difficult to compare public disclosures across firms, and that many regulators can access information in the firms without public disclosure. He added that the roundtable participants focused more on the benefits of internal transparency within firms.
- Regarding ethical leadership, there was a question about how to strengthen the importance of accountability at the leadership level. In response, Ms. Leung shared examples provided by roundtable participants such as the notion of challenge, ethical leaders having authority and access to information and personnel, and senior leadership being explicit when behavior is not appropriate.
- Regarding education, Mr. Huesken noted the concerns raised by some roundtable participants on the quality of ethics education in the United States compared to experiential-type learning used in other jurisdictions.

COORDINATION WITH IAASB

Mr. Kwan provided an update on coordination with the IAASB, including participation of IAASB representatives in the global roundtables.

Among other matters, IESBA participants made the following comments:

- There was a suggestion that the coordination effort should focus more on the potential linkages between FCG proposals and ISQM 1.¹ In response, Mr. Kwan noted that the development of supporting materials will provide an opportunity to better describe how a proposed FCG framework may work with a firm's system of quality management.

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

- In response to a query, Messrs. Wijesinghe and Kwan noted that the Project Team has engaged with stakeholders from both the audit and other areas of firms. They added that stakeholders agreed that the FCG framework would need to apply to the whole firm, not just the audit and assurance practice.

REVISED STRATEGIC APPROACH

Mr. Kwan presented the Project Team's proposal to re-sequence the standard-setting and NAM workstreams by focusing its efforts on the development of supporting materials over the next 18 to 24 months, while continuing to explore the best approach to the FCG framework. He noted that the proposed revised strategic approach took into account wide support received for the development of NAM and other supporting materials, as well as doubts from some stakeholders about the need for a new standard at this stage.

Ms. Dias reminded IESBA members that the Project Team's proposed revised strategic approach aligns with the overall revised strategy agreed by the Board for 2025-2026, and reflective of stakeholder feedback at the global roundtables and other outreach. Further, Messrs. Huesken and Wijesinghe noted that the resequencing of workstreams is responsive to stakeholders' feedback throughout the roundtables and other outreach about the usefulness of supporting materials. They also clarified that the resequencing does not mean that the standard-setting workstream has been abandoned.

The IESBA supported the Project Team's revised approach, recognizing the usefulness of supporting materials. IESBA members considered the revised approach as being measured, agile and responsive to stakeholder feedback, while ensuring that the topic of FCG remains top-of-mind for stakeholders. Among other matters, IESBA members also made the following comments:

- Focusing on NAM and other supporting materials will allow the IESBA to make a more immediate impact particularly with respect to SMPs. It will help identify good practices across jurisdictions, which in turn will build consensus with stakeholders on what could be in a potential new standard.
- NAM is effective in raising awareness among stakeholders.
- The revised approach will create opportunities for more stakeholder engagement, fostering meaningful conversations, and taking stakeholders along the journey as the project progresses.
- The additional time will also be used to consider key matters such as the enforceability of a new standard on FCG that is applicable to the whole firm, linkages with ISQM 1, and whether the FCG framework should be incorporated in the Code.
- NAM should focus on the needs of SMPs.
- The revised approach will not front-run the standard-setting work as the IESBA is taking a different route by obtaining a deeper understanding of the issues.

With regards to the standard-setting workstream:

- Some IESBA members were of the view that the information gathered to date did not identify any gaps in the extant Code that warrant the development of a new standard in addressing the eight FCG elements at this stage. However, another IESBA member was of the view that the FCG framework should form part of the Code given the importance of the topic.
- Mr. Siong emphasized that the purpose of a potential new standard under this project is not to address gaps in the Code's fundamental principles but to create a framework of high-level principles. Mr.

Wijesinghe noted that expanding the application of the conceptual framework in specific situations relating to FCG could be helpful.

- Consideration of the need for a new standard should not be solely based on stakeholder feedback as the IESBA should be raising the bar of ethical behavior.
- There was a view that the focus of standard-setting should be on ethical leadership, including tone at the top.

Ms. Dias noted the Board's support for the Project Team's revised approach, emphasizing that the IESBA is not abandoning the standard-setting workstream. She highlighted the importance of continuing stakeholder engagement to identify issues and good practices, and to further inform the two workstreams.

NAM AND OTHER SUPPORTING MATERIALS

Mr. Siong provided an overview of general guidelines regarding which types of supporting materials are NAM, and the level of Board involvement in the development of NAM and other supporting materials.

Mss. Leung and Holt provided an update on the Project Team's preliminary plan for supporting materials to be released in Q3 and Q4, 2025, including a feedback statement on the global roundtables. They also provided an overview of the feedback received from participants at the May 2025 IESBA-JSS meeting on the topics and types of supporting materials the IESBA might consider. They also highlighted a high level of interest from the JSS participants in collaborating with the IESBA in this regard.

IESBA members conducted a breakout group discussion on the topics and types of supporting materials for consideration by the Project Team.

Among other matters, IESBA members also made the following comments:

- Supporting materials can serve multiple purposes, such as to highlight IESBA thought leadership, provide guidance on best practices, raise awareness and engagement of stakeholders, and provoke debate on topics.
- The supporting materials should be short and easy to understand, avoiding complex technical papers. Consideration should also be given to more interactive formats so that the materials are more digestible.
- Consideration should be given to developing a series brief one-pagers that set out "universal truths" on each of the eight FCG elements.
- A survey of stakeholders is useful in a number of ways such as feedback on whether the IESBA is going in the right direction or gathering data to measure the success of the project's outputs. However, the Project Team should be cognizant of the time demands a survey may place on stakeholders. Further, the survey results should not restrict the IESBA from developing its own views on FCG.
- Consideration could be given to collecting different forms of information in addition to surveys, such as scientific literature on organizational culture from think tanks.

Following further deliberation, the IESBA agreed to the following plan:

- The Project Team to first develop a series of one-pagers on each of the eight FCG elements ("IESBA Viewpoints"), including an overarching Viewpoint. The IESBA will consider the draft IESBA Viewpoints in Q3 and Q4 2025 with a view to approving them in December 2025.

- The Project Team to develop NAM and other supporting materials that will complement the IESBA Viewpoints and further explain the eight FCG elements.
- The IESBA to reflect on the way forward with respect to the FCG framework at its June 2026 meeting, following engagement with stakeholders on the IESBA Viewpoints.

PIOB OBSERVER'S REMARKS

Ms. Modise commended the IESBA's efforts on stakeholder engagement on the FCG project. She highlighted the importance the PIOB places on gathering feedback from different stakeholder groups when developing supporting materials.

Ms. Modise noted the PIOB's acknowledgment of the shift in the IESBA's strategic approach to this project. She noted that the PIOB will continue to monitor stakeholder feedback, the ongoing coordination between the IESBA and IAASB with respect to the linkages to ISQM 1, and how the topic of private equity investments (PEI) in accounting firms may be considered as part of the project.

WAY FORWARD

At its September 2025 meeting, the IESBA will consider a first draft of the IESBA Viewpoints and the Project Team's preliminary plan for NAM and other initiatives.

4. Adoption & Implementation

IESBA A&I WORKING GROUP (A&I WG) UPDATE

Mr. Singh, A&I WG Chair, shared reflections on earlier discussions in this meeting and the IESBA's request to increase A&I activities. He noted significant progress on A&I since the March 2025 IESBA meeting, including completion of the WG's jurisdictional prioritization, expanded stakeholder engagement, and establishment of the IESSA² Implementation Monitoring Advisory Group (IIMAG).

Mr. Reid outlined A&I activities since the March 2025 IESBA meeting, including completion and issuance of joint IESBA-IAASB frequently asked questions (FAQs) on the IESSA and ISSA 5000³ and IESBA Staff Questions & Answers (Q&As) on the IESSA, progress on the summary of prohibitions in the IESSA for public interest entities (PIEs), new guidance being developed on comparing Part 4A in the Code to the IESSA, and the development of whiteboard videos. He highlighted key stakeholder engagement with IFAC, ISSB, IAASB, the International Accreditation Forum (IAF), JSS and SAC.

Mr. Singh noted strong staff-level coordination with IFAC and the importance of increasing leadership engagement to effectively promote A&I, leveraging each organization's limited resources, and agreeing on common adoption terminologies. He outlined the A&I WG's 17 prioritized jurisdictions, prioritization criteria, and strategy to develop jurisdictional profiles, with assistance from IFAC Regional Managers and IESBA members and Technical Advisors, and tailored outreach approaches.

Among other matters, IESBA participants shared the following jurisdiction-specific updates:

- Australia – The Accounting Professional & Ethical Standards Board (APESB) issued an exposure draft (ED) of Australian equivalents of the IESBA Sustainability and Experts Standards in March 2025.

² *International Ethics Standards for Sustainability Assurance (including International Independence Standards)*

³ *International Standard on Sustainability Assurance 5000, General Requirements for Sustainability Assurance Engagements*

Some stakeholders raised concerns about the proposed effective date of January 1, 2027 for the value chain provisions, which was amended to align to Australian Scope 3 emission requirements. APESB will consider the final standards for approval at its June 17, 2025 meeting, with an effective date of January 1, 2026, except for value chain provisions, now aligned to the IESSA's July 2028 date for those provisions.

- Brazil – Voluntary adoption of ISSB S1 and S2 was allowed in 2024 and 2025. There will be mandatory adoption in 2026 for listed companies and financial institutions, and 2028 for smaller entities. Translations of the IESSA and ISSA 5000 are underway, with expected adoption from 2026. A Brazilian sustainability conference in Sao Paulo the preceding week focused on the importance of the full suite of sustainability reporting, assurance, and ethics standards, with a series of panels and workshops, which included IESBA and IAASB representatives.

Mr. Siong noted mobilization in Brazil of key stakeholders in the reporting ecosystem. He added that the conference provided an opportunity to build relationships to progress market preparedness, and that non-PA capabilities and oversight remain matters of concern. Ms. Dias noted her upcoming presentations at the Instituto dos Auditores Independentes do Brasil (IBRACON) conference the following week and a Pre-COP event in Brazil this October as further opportunities to promote A&I in Brazil.

- South Africa – Despite there being no mandatory sustainability reporting in South Africa, sustainability reporting and assurance are not new. The banking regulator has issued guidance in this area. The IESSA and ISSA 5000 will be adopted together. An ED aligned with the IESSA was issued the preceding week (with no mandate to issue it as profession-agnostic), with adoption expected in 2026. The IESBA's implementation support materials have benefited this process.
- United Kingdom (UK) – The UK government announced its intention to adopt ISSB standards, with consultation expected soon, to replace current Task Force on Climate-related Financial Disclosures (TCFD) requirements. The Financial Reporting Council (FRC) recently approved ISSA (UK) 5000 for consultation, open until the end of July 2025, with final approval anticipated in Q4 2025. ISSA (UK) 5000 refers to the IESBA Code as the relevant ethical requirements, with a change to prohibit the use of internal auditors to provide direct assistance on the engagement, consistent with the UK FRC position for audits. Despite no mandatory sustainability reporting, market demand for it is high, including for dual-listed companies.
- India – The Securities and Exchange Board of India (SEBI) mandates sustainability reporting through the local Business Responsibility and Sustainability Reporting (BRSR), and assurance for a subset of the BRSR, for the top 1,000 listed companies. The Institute of Chartered Accountants of India (ICAI) recently formed a working group to explore adopting ISSA 5000 and the IESSA, with an ED expected soon.
- France – The Corporate Sustainability Reporting Directive (CSRD) was implemented for 2024 reporting and the first limited assurance engagements appear to have been performed by audit firms, although the French regime allows non-PAs to perform assurance. The initiative with the French profession on a pre-implementation assessment of ISSA 5000 and the IESSA and the value chain has commenced.
- Japan – Japan issued ISSB S1/S2-aligned standards in March 2025 under a phased approach, with mandatory reporting for large companies from 2027. Discussion on mandatory assurance is ongoing.

- Middle East and North Africa (MENA):
 - Saudi Arabia – A unified national guideline is being developed to optimize the use of ISSB and Global Reporting Initiative (GRI) standards.
 - Qatar – Mr. Singh summarized his recent meeting with a Qatar working group on sustainability assurance with representatives from the Qatar Financial Centre Regulatory Authority, Qatar Central Bank, and Qatar Financial Markets Authority. He noted high familiarity with ISSB standards and ISSA 5000 and lower awareness of the IESSA. However, the meeting increased this awareness, and he offered the group a webinar later this year for Qatar or the region.
- New Zealand – The External Reporting Board (XRB) considered an ED aligned with the IESSA the preceding week, incorporating some local amendments.
- United States (US) – An ethics task force responsible for sustainability recently was formed and the auditing standards board has started work on ISSA 5000, with the two groups coordinating closely. There are some hurdles in the US and an ethics ED is unlikely before 2026.

There were requests for the WG to consider prioritizing the following jurisdictions:

- Latin America – Colombia is interested in adopting the IESSA. Peru is translating the IESSA. Argentina is willing to adopt the IESSA (with an exception related to non-compliance with laws and regulations (NOCLAR)). Mexico is moving towards adoption.
- Turkiye, as it was an early adopter of ISSB S1/S2 and is a G20 member.
- China, as it is progressing on sustainability standards.
- Canada, as provinces (including Ontario) are preparing for adoption.

IESBA participants also raised the following queries or comments:

- Whether the WG planned to utilize testimony from jurisdictions about how they adopted and addressed any challenges, similar to ISSB's case studies, to assist other jurisdictions with A&I. There was a suggestion to use the Teams Channel raised at the May 2025 IESBA-JSS meeting for this purpose.

Mr. Reid noted that jurisdictional profiles are for internal IESBA purposes at this stage. However, careful consideration might be given to publication in due course.
- Whether there was any concern about prioritizing jurisdictions before consulting with them or whether other jurisdictions would be concerned that they were not prioritized.

Mr. Singh noted that there is no intention to oblige jurisdictions. He reiterated the prioritization criteria, noting the focus on jurisdictions that are adopting sustainability reporting and assurance frameworks, and therefore the value proposition of the IESBA Sustainability and Experts Standards in completing the sustainability standards infrastructure. Mr. Wray added that the prioritized jurisdictions represent phase one due to limited resources.
- A suggestion to collaborate with the IAASB on webinars and to incorporate case studies.

Ms. Dias referred to the political situation in Europe with respect to CSRD and Omnibus legislation which some jurisdictions are displeased with, and that banks could drive change as they require reporting and assurance frameworks for client risk assessments. She noted global developments are occurring in two

phases, with the US and Europe pushing back on sustainability whereas other regions are surging ahead. She also noted IESBA's Tax Planning and Related Services standard becomes effective July 1, 2025 and requested an assessment of jurisdictional adoption statuses.

IIMAG (IESSA IMPLEMENTATION MONITORING ADVISORY GROUP)

Mr. Nisoli, IIMAG Chair, and Ms. Sramko provided an update on the recruitment process for IIMAG members and presented the initial list of members.

The IESBA generally supported the diversity and functional expertise represented in the initial IIMAG composition. IESBA members raised the following:

- There were a few suggestions for further enhancing the diversity of stakeholder representation by including members from investors, underrepresented jurisdictions (e.g., China) and preparers (for example, CFOs) to provide more balance to the group.
- The need for IIMAG members to have practical experience to contribute effectively to the group.

Ms. Sramko also informed the IESBA about the launch of the IESSA Feedback Platform for stakeholders' direct submissions on issues or challenges related to the implementation of the IESSA. The IESBA noted the update and made no comments.

WAY FORWARD

The IESBA supported the A&I WG's strategy and focus on developing jurisdictional profiles and tailored outreach approaches for prioritized jurisdictions. Further updates on A&I activities will be provided at the September 2025 IESBA meeting.

5. PIE Rollout

IAASB UPDATE

Mr. Willie Botha, IAASB Program and Senior Director, provided an update on Track 2 of the IAASB's Listed Entity and Public Interest Entity project ([IAASB PIE Project](#)).

Mr. Botha explained the three options (the ED path, the conditional path, and the publicly traded entity (PTE) path) discussed by the IAASB in December 2024 to advance the IAASB PIE proposals and the reasons underlying the IAASB's agreed final position to follow the PTE path.

Mr. Botha also provided a brief summary of the feedback from the respondents to the IAASB's [post-exposure consultation](#) on the IAASB's final position and effective dates, as well as the IAASB PIE Task Force's proposals. He further noted that the IAASB PIE Task Force's proposals include joint action by the IESBA and IAASB regarding PIE-related matters when the IESBA commences the PIR for its PIE definition and related provisions. He added that the IAASB will consider and discuss the respondents' feedback and the IAASB PIE Task Force's proposals at its June 2025 meeting.

The IESBA was supportive of exploring the proposed joint action between the two Boards when the IESBA commences the PIR for its PIE provisions.

Among other matters, in response to queries from IESBA participants, Mr. Botha provided clarifications regarding the interrelationship between the IESBA and IAASB definitions of PTE and early adoption of the IAASB PIE standards.

PIOB OBSERVER'S REMARKS

Ms. Modise supported the proposed joint action by both Boards regarding the PIR of the IESBA PIE provisions, highlighting the importance of coordination.

6. Technology

Mss. Viljoen and Holt provided an update on the activities of the Technology Working Group (TWG). The update included a summary of recent stakeholder engagement efforts, progress on the implementation of the technology-related revisions to the Code globally, and a presentation of the “IESBA Chatbot,” a prototype of an AI-tool developed in collaboration with staff of the International Federation for Accountants (IFAC).

IESBA members welcomed the presentation and expressed strong support for the IESBA Chatbot initiative. The work was seen as innovative and aligned with the Board’s broader strategy of stakeholder engagement, simplification, and promoting adoption. IESBA members also viewed the proposed chatbot as a timely and necessary step in modernizing how users engage with the Code and associated non-authoritative materials.

Among other matters, the following were raised:

- It was emphasized that the IESBA chatbot should be framed primarily as a smart search and enablement tool rather than one providing ethical advice or interpretations, with clear disclaimers to reinforce that it does not constitute ethical or professional advice.
- There was a strong consensus on the need for robust governance around the development of the chatbot, including quality control, auditability of responses, and safeguards against bias in outputs. Suggestions included testing with diverse user groups, including less experienced professionals and students, and a focus on clarity of language and user accessibility.
- IESBA members encouraged the exploration of multilingual functionality, collaboration with PAOs to support adoption, and publication of guidance on how the tool complements but does not replace professional judgment.
- Several members saw value in positioning the IESBA Chatbot as a learning aid and suggested alignment with potential future initiatives, such as the development of training resources and communications campaigns. It was also suggested that the TWG coordinate closely with the A&I Working Group and the Communications Team to ensure consistency of messaging.

PIOB OBSERVER'S REMARKS

Ms. Modise welcomed the update and supported the responsible development of AI-enabled tools by the standard-setting boards. She emphasized that innovations such as the IESBA Chatbot should be introduced with rigorous oversight and transparency to maintain stakeholder trust and uphold the public interest.

Ms. Modise encouraged the IESBA to monitor evolving AI regulatory frameworks and to ensure that initiatives involving emerging technologies remain aligned with the Board’s ethical mandate and do not risk diminish the role of professional judgment.

WAY FORWARD

The IESBA will consider a further update from the TWG on its activities at the September 2025 meeting.

7. Private Equity Investments in Firms

Dr. Biek and Ms. Viljoen briefed the IESBA on the progress regarding PEI in accounting firms. Their presentation focused on the draft IESBA Staff Alert intended to raise awareness about ethical and independence considerations associated with PEI transactions and ownership structures. The Alert aimed to assist individual PAs and firms in navigating the ethical and independence risks and complexities related to private equity funding, particularly through application of the Code.

Dr. Biek and Ms. Viljoen informed the Board about outreach conducted by the Emerging Issues and Outreach Committee (EIOC) and staff, including engagement with regulators, PAOs, and JSS. Feedback from these meetings highlighted a number of recurring concerns, including the increasing structural complexity of ownership models, and potential threats to independence from PE investor involvement in the firms.

IESBA members expressed broad support for the development of the Staff Alert and welcomed the initiative as timely and relevant given the evolving landscape of firm ownership, especially in light of PEI. Among other matters, the following comments were raised:

- The draft Staff Alert appears to go beyond a typical awareness-raising publication. There was a suggestion to clarify whether the document is intended as a high-level staff alert for raising awareness, or more detailed technical guidance. If positioned as a Staff Alert, it was suggested that the content should remain at a high-level and avoid prescriptive detail. Further technical elaboration could be provided in a separate future document.
- There was a caution about using terminology that is not in the Code, which may imply expectations beyond what is required. It was suggested that the language used be carefully reviewed to ensure clarity and avoid ambiguity.
- Consideration should be given to more explicitly acknowledging the independence risks posed by PEI structures, including cases where audit firms and their clients are linked by common investors. The dynamic nature of PE structures and their continuous evolution were flagged as requiring ongoing vigilance by firms in assessing ethical and independence threats.
- There was a suggestion that the Staff Alert should cover both pre- and post-investment considerations.
- Consideration should be given to acknowledging the ethical and independence implications of investor exit strategies, as such exits can alter the ownership structure in ways that introduce new or unforeseen risks, making pre-investment assessment even more critical.
- Consideration should be given to placing greater emphasis on the role of professional skepticism and firm governance. In particular, PE-backed firms may face pressure to prioritize investor returns over compliance or ethical obligations. This should be highlighted in addition to referencing specific threats and safeguards under the conceptual framework and illustrating how these might arise in PEI scenarios.
- Including detailed examples may help enhance clarity. However, there is a need for caution not to present interpretations or expectations that go beyond the Code.

With respect to the way forward, IESBA members discussed the potential for future development of educational materials or FAQs, and the need to monitor developments in the profession that may warrant

more formal standard-setting action. There was also recognition of the importance of international collaboration to address these challenges in a globally consistent manner.

PIOB OBSERVER'S COMMENTS

Ms. Modise expressed appreciation for the initiative and recognized the urgency of addressing the ethical risks posed by PEI in accounting firms. She supported the development of the Staff Alert as a first step and emphasized the importance of continued monitoring and responsiveness as the landscape evolves.

Ms. Modise encouraged the IESBA to maintain its focus on the public interest implications, particularly with respect to transparency, accountability, and governance in PE-influenced firm structures. She noted that trust in the profession could be undermined if such transactions are not sufficiently scrutinized through an ethical lens. She also supported further outreach to stakeholder groups that may not be traditionally engaged, including the investor community and those charged with governance.

WAY FORWARD

IESBA Staff will finalize the Staff Alert for publication in Q3 2025, taking into account the comments and suggestions from the Board discussion. A revised draft of the Staff Alert will be circulated electronically to the Board for fatal-flaw review prior to finalization. IESBA Staff will also continue to assess whether further initiatives may be needed as developments unfold in this area.

8. PIOB Observer's Remarks

Ms. Modise complimented the Board on the robust discussions and encouraged the identification of opportunities to align interrelated projects, such as the FCG framework and the IAASB's ISQM 1, for greater cohesion and impact.

She also emphasized the importance of coordinating the Board's efforts with the IAASB to promote alignment and consistency across initiatives. She commended the Board's responsiveness to stakeholder input and highlighted the value of inclusive dialogue in shaping impactful outcomes.

In closing, Ms. Modise thanked Ms. Dias for exemplifying good governance principles and fostering an environment where all Board members could contribute meaningfully to the direction of the Board's work. She thanked the Board for the opportunity to participate in the week's discussions.

9. Closing Remarks

Ms. Dias thanked Ms. Modise for her thoughtful observations and recognition of the Board's progress toward its strategic objectives. She emphasized the importance of translating intentions into tangible outcomes and expressed appreciation for Ms. Modise's engagement with the Board.

Ms. Dias extended her gratitude to the Board members for their active participation throughout the week. She observed that the meeting exceeded expectations in terms of substance and strategic focus. She also noted that the Board had demonstrated meaningful engagement, fostering a professional and open environment for dialogue, even when views diverged.

Ms. Dias highlighted that the Board is increasingly fulfilling its strategic role, not only in technical deliberations but also in shaping approaches that serve the public interest. She also noted that the meeting represented an important milestone in the Board's ongoing evolution, marking the beginning of a more deliberate and integrated approach to strategic thinking and direction-setting. She reiterated the importance

of remaining attentive to the Board's agreed strategy and ensuring its application across all projects, decisions, and engagements.

Ms. Dias concluded by thanking all participants and observers for their contributions and engagement throughout the week.

10. Next Meeting

The next IESBA meeting is scheduled for September 16-19, 2025 to be held in Lisbon, Portugal.